Alberta

Freedom To Create. Spirit To Achieve.

Employment and Immigration

Annual Report
2010-2011

Government of Alberta

This report was prepared on behalf of the Ministry by the Department of Alberta Employment and Immigration in collaboration with the Alberta Labour Relations Board and the Appeals Commission for Alberta Workers' Compensation.

For more information, contact:

Employment and Immigration
Organizational Planning and Reporting
7th floor, 10035-108 Street
Edmonton, Alberta T5J 3E1

Email: AnnualReport.EI@gov.ab.ca
Tel. 780-427-2072, toll-free by first dialing 310-0000
Fax 780-422-2861

TDD/TTY number:
780-427-9999 in Edmonton or 1-800-232-7215

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Summer 2011

ISSN 1920-6151

Employment and Immigration

Annual Report

2010-2011

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 29, 2011 contains Ministers' accountability statements, the consolidated financial statements of the Province and *Measuring Up*, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Employment and Immigration contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Employment and Immigration, for which the Minister is responsible, and**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2011, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at June 10, 2011 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

Thomas A. Lukaszuk
Minister of Employment and Immigration
MLA, Edmonton – Castle Downs

Message from the Minister

The year covered by this annual report was a year of steady economic recovery. For Employment and Immigration, it was a year the labour market began to recover, the flow of international immigration increased and new safe and fair workplace initiatives were launched.

The accomplishments within this annual report were guided by our vision of Albertans having a fair, safe and supportive environment in which to work and live. I want to personally thank Employment and Immigration staff members for their hard work and dedication. Over the last year, I have been thoroughly impressed with everyone's outstanding achievements.

In order to realize our vision, we had four goals.

Our first goal was to ensure Alberta is able to meet its labour force requirements. We witnessed the early signs of recovery from the recession. Although labour shortages were not yet an issue, government and industry used this period as a time to plan for ways to address future shortages. I hosted the Minister's Workforce Forum, attended by 120 senior officials, which contributed significantly to the review and updating of Alberta's comprehensive workforce strategy Building and Educating Tomorrow's Workforce. We also continued to support industry-led workforce strategies and funded a series of forest industry cross-government initiatives.

Our second goal was to attract and retain workers to the province. While we first seek to employ Albertans and Canadians, domestic supply will not be enough to avoid future labour shortages. Our ministry helped about 25,000 immigrants settle in Alberta along with 5,000 temporary foreign workers. Once these newcomers arrived, we worked hard to ensure they had access to the services they needed by funding settlement services and improving the way foreign credentials are recognized.

Our third goal was for all Albertans to share in and contribute to the economic prosperity of the province. With thousands of Albertans out of work this year, providing employment and training services was vital. Our network of Alberta Works offices played a key role in connecting employers with job seekers through employment assistance, local job leads and job fairs. In addition, over 23,000 calls and emails were answered by the Career Information Hotline. Career advisors reviewed over 1,400 e-résumés, and provided information to help Albertans make informed career, education and employment decisions. The Alberta Supports Contact Centre, launched this year, now provides the public with centralized access to 34 programs and 120 services across government.

Our fourth goal supported fair, safe and healthy work environments. During the year more than 99 per cent of collective agreements were settled without a work stoppage. We began a pilot project to enhance the way employment standards complaints are received and took a number of major steps to boost workplace enforcement of occupational health and safety regulations, including the posting of 140,000 employer safety records.

The Alberta Labour Relations Board is an independent and impartial administrative tribunal responsible for the day-to-day application and interpretation of Alberta's labour laws. The ALRB processes applications and frequently conducts hearings on matters arising from both private and public employment sectors. Some, but not all, of the issues that come before the ALRB include certifications, revocations, various votes, bargaining unit determinations and unfair labour practices that fall under the Labour Relations Code, Public Service Employee Relations Act and Police Officers Collective Bargaining Act.

The Appeals Commission for Alberta Workers' Compensation is an independent, impartial quasi-judicial body responsible for the final level of appeal for decisions of the Workers' Compensation Board – Alberta. In the past fiscal year, standard appeals were processed on average in 154 days and complex appeals in 176 days. Of the decisions issued, 97.8 per cent were either not challenged, or if they were, they were upheld upon review by the Courts, the Ombudsman or the Appeals Commission.

As you will read inside this annual report, Employment and Immigration is responsible for a wide range of activities but connected to each is a vision of Albertans having a fair, safe and supportive environment in which to work and live.

Original signed by

Thomas A. Lukaszuk
Minister of Employment and Immigration
MLA, Edmonton – Castle Downs

Management's Responsibility for Reporting

The Ministry of Employment and Immigration includes:

- Department of Employment and Immigration
- Alberta Labour Relations Board
- Appeals Commission for Alberta Workers' Compensation
- Workers' Compensation Medical Panels
- Occupational Health and Safety Council

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Employment and Immigration. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – Information agrees with the underlying data and the sources used to prepare it.
- Understandability and Comparability – Current results are presented clearly in accordance with the stated methodology and are comparable with previous results.
- Completeness – Performance measures and targets match those included in Budget 2010.

As Deputy Minister, in addition to program responsibilities, I am responsible for the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, Treasury Board, the Minister of Finance and Enterprise and the Minister of Employment and Immigration any information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Original signed by

Shirley Howe
Deputy Minister of Employment and Immigration
June 10, 2011

Results Analysis

Ministry Overview

The Department

Employment and Immigration (E&I) offers a diverse range of services to Albertans. All divisions have key activities related to E&I's core businesses and work together to achieve the department's priority initiatives.

Deputy Minister's Office

The Deputy Minister provides advice and support to the Minister, and leads the department by providing direction to staff and ensuring the department's structure, systems and processes, and human and fiscal resources are effectively managed to meet goals. The Deputy Minister also furthers the strategic corporate agenda for E&I and the Government of Alberta through support to the Deputy Minister of Executive Council, collaboration on cross-ministry initiatives, and development of intergovernmental and stakeholder relationships.

Delivery Services Division

Delivery Services has 59 delivery sites and seven Alberta Job Corps sites across Alberta. The Division also includes Centrally Delivered Services Contact Centres and the Aboriginal Development Branch. The division is the primary contact point for Albertans in accessing most of E&I's programs, services and information. Delivery Services helps:

- Albertans find and maintain jobs;
- Employers meet their needs for skilled workers; and
- Albertans with lower incomes by providing employment and training services, income support, child support services and health benefits.

Workplace Standards Division

Workplace Standards is responsible for the development, implementation and review of workplace legislation and policy to ensure Alberta has a fair, safe and healthy work environment. This involves programs and services in:

- Employment standards;
- Labour relations and mediation;
- Occupational health and safety; and
- Professions and occupations

The division also oversees the field operations of Employment Standards and Occupational Health and Safety. Division employees are on the front line of programs or enforcement, ensuring the Ministry's legislation and programs are being followed, implemented or provided to Albertans.

Immigration Division

The Immigration Division leads the development of Alberta's Immigration Strategy and develops policies and programs necessary to implement this strategy in a rapidly changing environment. This strategy covers the end-to-end range of services needed to attract, retain and fully integrate newcomers into Alberta's communities. The division:

- Develops and supports immigration policy and programs aimed at attracting, selecting and retaining immigrants;
- Provides settlement and integration services to help newcomers with their transition into Alberta's economic, social and cultural life;
- Develops the policy to support Alberta's immigration approach, develops and delivers services relating to credential recognition, English as an Additional Language, settlement programs for newcomers, as well as administers the Alberta Immigrant Nominee Program, the province's fast-track immigration program; and
- Markets Alberta as a destination of choice for newcomers.

Workforce Supports Division

Workforce Supports is responsible for policy and program development related to employment and training services, labour mobility, health benefits, child support services and income support. Their innovative and effective policies help:

- Under-represented groups, such as Aboriginal people and persons with disabilities, develop skills and increase their labour force participation;
- Industry develop a skilled and productive workforce that meets the changing needs of the growing economy; and
- Albertans with lower incomes meet their basic needs.

Strategic Corporate Services

Strategic Corporate Services provides advice, information and planning to support policy development and evidence-based decision making. The division is responsible for:

- Developing budgets and forecasts and conducting financial analysis;
- Leading the development and management of all information technology assets;
- Providing guidance for the client appeal process (including for clients of Alberta Seniors and Community Supports);
- Managing information by balancing transparency and privacy;
- Intergovernmental relations;
- Legislative services;
- Business planning and reporting and accountability activities;
- Developing information resources and managing the Alberta Learning Information Service website; and
- Supporting the data and evaluation needs of the ministry and housing the Office of Statistics and Information.

Communications

Communications supports government and the ministry with:

- Issues management;
- Promotion of department programs and initiatives through communications planning;
- Media relations and advertising;
- Effective public information materials; and
- Advice and support on writing, communication planning and the government visual identity program.

Human Resources

Human Resources (HR) provides employees with services to fulfill all of their human resource needs. HR actively consults with employees throughout the department to support and help to set the best direction for human resources activities and to ensure the best possible services are available to ministry staff.

The Ministry

These bodies are not part of the department, but are included in the Ministry of Employment and Immigration:

Alberta Labour Relations Board

The Alberta Labour Relations Board (ALRB) is an independent and impartial tribunal responsible for the day-to-day application and interpretation of Alberta's labour laws. It processes applications and frequently conducts hearings on matters arising from both private and public employment sectors. Some, but not all, of the issues that come before the ALRB include certifications, revocations, various votes, bargaining unit determinations, and unfair labour practices, which fall under the *Labour Relations Code, Public Service Employee Relations Act,* and the *Police Officers' Collective Bargaining Act.*

The *Labour Relations Code* encourages parties to settle their disputes through honest and open communication. The Board offers informal settlement options to the parties, but it also has inquiry and hearing powers to make binding rulings whenever necessary.

Appeals Commission for Alberta Workers' Compensation

The Appeals Commission for Alberta Workers' Compensation hears worker and employer appeals arising from WCB review bodies. The mission of the Appeals Commission is to provide a timely, fair and independent appeals process consistent with legislation, policy and the principles of natural justice.

Workers' Compensation Medical Panels

Medical panels provide the WCB and the Appeals Commission with an impartial, independent decision-making process to resolve medical issues that affect a claimant's right to compensation. Each panel is made up of three contracted physicians with specialized knowledge of the medical area in dispute.

Occupational Health and Safety Council

The Occupational Health and Safety (OHS) Council advises the Minister on matters concerning the *Occupational Health and Safety Act* and *Regulation.* In addition, the Council is empowered to hear appeals related to orders issued by OHS officers, cancellations/suspensions of a license or permit, rulings from a dismissal/disciplinary complaint investigation or rulings from an imminent danger complaint investigation.

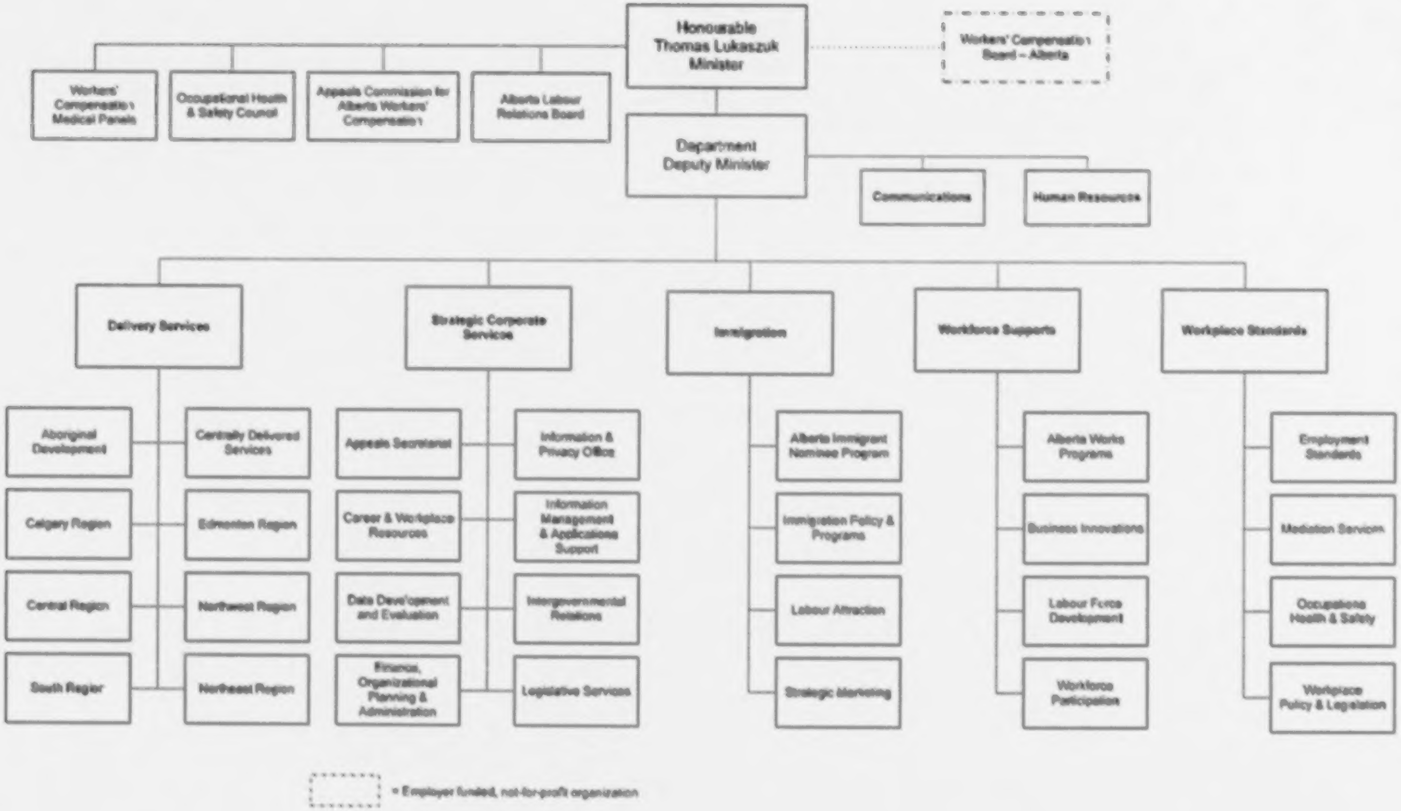
Workers' Compensation Board – Alberta

The Workers' Compensation Board – Alberta (WCB) is an employer-funded, not-for-profit organization legislated to administer the workers' compensation system for the province's employers. The WCB is independently funded and operated as an insurance enterprise. In Canada, workers' compensation is a no-fault disability insurance system that protects both employers and workers against the economic impact of work-related injuries and occupational diseases.

Organizational Chart

Ministry of Employment and Immigration

As of March 31, 2011


Honourable
Thomas Lukaszuk
Minister
Workers' Compensation Board – Alberta
Workers' Compensation Medical Panels
Occupational Health & Safety Council
Appeals Commission for Alberta Workers' Compensation
Alberta Labour Relations Board
Department
Deputy Minister
Communications
Human Resources
Delivery Services
Aboriginal Development
Centrally Delivered Services
Calgary Region
Edmonton Region
Central Region
Northwest Region
South Region
Northeast Region
Strategic Corporate Services
Appeals Secretariat
Information & Privacy Office
Career & Workplace Resources
Information Management & Applications Support
Data Development and Evaluation
Intergovernmental Relations
Finance, Organizational Planning & Administration
Legislative Services
Immigration
Alberta Immigrant Nominee Program
Immigration Policy & Programs
Labour Attraction
Strategic Marketing
Workforce Supports
Alberta Works Programs
Business Innovations
Labour Force Development
Workforce Participation
Workplace Standards
Employment Standards
Mediation Services
Occupational Health & Safety
Workplace Policy & Legislation
= Employer funded, not-for-profit organization

AUDITOR
GENERAL
Alberta

Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measures identified as "Reviewed by Auditor General" in the *Ministry of Employment and Immigration's 2010-11 Annual Report*. These performance measures are the responsibility of the Ministry and are prepared based on the following criteria:

- Reliability – Information agrees with the underlying data and with sources used to prepare it.
- Understandability and Comparability – Current results are presented clearly in accordance with with the stated methodology and are comparable with previous results.
- Completeness – Performance measures and targets match those included in Budget 2010.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to my Office by the Ministry. My review was not designed to provide assurance on the relevance of these performance measures.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measures.

Based on my review, nothing has come to my attention that causes me to believe that the "Reviewed by Auditor General" performance measures in the Ministry's 2010-11 Annual Report are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above. However, my review was not designed to provide assurance on the relevance of these performance measures.

Original signed by Merwan N. Saher, CA

Auditor General

June 2, 2011

Edmonton, Alberta

Performance Measures Summary Table

Core Businesses/Goals/Performance Measures		Prior Years' Results				Target	Current Actual
Core Business 1: Investing in Alberta's labour supply							
Goal 1: Alberta is able to meet its labour force requirements							
1.a	Labour Productivity: inter-provincial rank of real Gross Domestic Product in dollars per hour worked (#1 is the highest)	#1 $49.60[1] 2006	#1 $48.00[1] 2007	#1 $48.00[1] 2008	#1 $47.90[1] 2009	#1	#1 $49.30 2010
1.b	Inter-provincial rank of Alberta First Nations, Métis and Inuit off-reserve labour force participation rate (#1 is the highest)	#1 70.7%[1] 2006	#1 72.3%[1] 2007	#1 71.5%[1] 2008	#3 69.9%[1] 2009	#1	#1 70.6% 2010
1.c	Inter-provincial rank of Alberta labour force participation rate (#1 is the highest)	#1 73.4% 2006	#1 74.2%[1] 2007	#1 74.7% 2008	#1 74.3% 2009	#1	#1 72.9% 2010
1.d	Percentage of employers who reported no positions vacant for more than four months	n/a (biennial survey)	75% 2007-08	n/a (biennial survey)	77% 2009-10	n/a (biennial survey)	n/a (biennial survey)
Goal 2: Alberta is able to attract and retain workers to the province							
2.a*	Number of new immigrants to Canada who choose Alberta as their destination	20,716 2006	20,861 2007	24,200[1] 2008	27,017[1] 2009	25,000	32,640[2] 2010
2.b	Alberta's net inter-provincial migration	46,239 2006	13,642 2007	17,845[1] 2008	1,101[1] 2009	15,000	6,797 2010
2.c	Provincial nominations forwarded to the federal government through the Alberta Immigrant Nominee Program:						
	- Number of certificates forwarded	980[1] 2006-07	1,659[1] 2007-08	3,519 2008-09	4,175 2009-10	5,000	5,249 2010-11
	- Total number of individuals nominated	2,600 2006-07	4,320[1] 2007-08	9,085[1] 2008-09	10,517[1] 2009-10	11,500	14,291 2010-11
2.d	Number of International Qualifications Assessment Service (IQAS) assessment certificates issued	4,881 2006-07	4,906 2007-08	5,942 2008-09	6,319 2009-10	6,300	6,631 2010-11
Core Business 2: Investing in the skills and supporting the independence of Albertans							
Goal 3: All Albertans share in and contribute to the economic prosperity of Alberta							
3.a	Percentage of clients reporting they are either employed or in further education or training after leaving a training program	78% 2006-07	73% 2007-08	75% 2008-09	68% 2009-10	75%	72% 2010-11
3.b	Percentage of participants employed after leaving Income Support	60%[1] 2006-07	61% 2007-08	64%[1] 2008-09	52%[1] 2009-10	70%	63% 2010-11
3.c	Percentage of Child Support Services clients with potential for child support who have either a support order or an agreement in place when the file closes	73% 2006-07	77% 2007-08	78% 2008-09	76% 2009-10	80%	81% 2010-11

Core Businesses/Goals/Performance Measures		Prior Years' Results				Target	Current Actual
3.d	Alberta Health Benefits:						
	• Percentage of Alberta Child Health Benefit parents who agree the program helps them obtain dental, optical and prescribed drug services they would not otherwise be able to receive for their children	91% 2006-07	n/a (biennial survey)	93% 2008-09	n/a (biennial survey)	90%	89% 2010-11
	• Percentage of Alberta Adult Health Benefit clients who agree the program helps them obtain dental, optical and prescribed drug services they would not otherwise be able to receive	n/a 2006-07	n/a (biennial survey)	92% 2008-09	n/a (biennial survey)	90%	92% 2010-11
Core Business 3: Investing in Alberta's workplaces							
Goal 4: Alberta has a fair, safe and healthy work environment							
4.a	Percentage of collective bargaining agreements settled without a work stoppage (strike or lockout)	99.3%[1] 2006-07	98.4%[1] 2007-08	98.8%[1] 2008-09	98.1%[1] 2009-10	98%	99.6% 2010-11
4.b*	Percentage of employers whose employment practices resulted in no complaints being registered with Employment Standards	98% 2006-07	98% 2007-08	97% 2008-09	98% 2009-10	97%	97% 2010-11
4.c	Lost-Time Claim Rate: number of lost-time claims per 100 person-years worked	2.24[1] 2006	1.98[1] 2007	1.73[1] 2008	1.53[1] 2009	1.75 or less	1.41 2010
4.d	Disabling Injury Rate: number of disabling injury claims per 100 person-years worked	3.94[1] 2006	3.61[1] 2007	3.34[1] 2008	2.79[1] 2009	3.30 or less	2.67 2010
Goal 5: Alberta's labour relations laws are administered in a fair and equitable manner							
5.a	Average number of days from the acceptance of an application to the date of the first hearing	67 2006-07	44 2007-08	86 2008-09	69 2009-10	70	160 2010-11
5.b	Percentage of applications, with Board involvement, settled before reaching a formal hearing	65% 2006-07	56% 2007-08	67% 2008-09	58% 2009-10	57%	55% 2010-11
5.c	Percentage of decisions rendered within 90 calendar days from the completion of the hearing(s)	80% 2006-07	96% 2007-08	88% 2008-09	62% 2009-10	85%	81% 2010-11
5.d	Percentage of decisions rendered within 180 calendar days from the completion of the hearing(s)	88% 2006-07	95% 2007-08	100% 2008-09	83% 2009-10	100%	92% 2010-11
Goal 6: Alberta has an effective mechanism for the final appeal of Workers' Compensation Board decisions							
6.a	Average number of days of processing time required by the Appeals Commission from the date the appeal is received until the appeal is finalized:						
	• Standard Appeals	172 2006-07	144 2007-08	172 2008-09	153 2009-10	135 or less	154 2010-11
	• Complex Appeals	225 2006-07	182 2007-08	212 2008-09	180 2009-10	180 or less	176 2010-11

Core Businesses/Goals/Performance Measures		Prior Years' Results				Target	Current Actual
6.b	Percentage of the total number of Appeals Commission decisions issued that are either not challenged or are not overturned upon review by the Courts, the Ombudsman or by the Appeals Commission on reconsideration	98.0% 2006-07	95.9% 2007-08	98.1% 2008-09	97.2% 2009-10	Greater than 98%	97.8% 2010-11

* **Indicates Performance Measures that have been reviewed by the Office of the Auditor General**

The performance measures indicated with an asterisk were selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal and mandated initiatives
- Measures for which new data is available,
- Measures that have well established methodology

[1] Revised

[2] Preliminary estimate from Citizenship and Immigration Canada.

Note: for more detailed information about performance measures, see Appendix A: Performance Measures Sources and Methodologies.

Discussion and Analysis of Results

Alberta's economy recovered steadily in 2010, growing 3.5 per cent following the 4.5 per cent decline in 2009. However, even with this decline, between 1989 and 2009 Alberta led all provinces in economic growth, with an average annual GDP growth rate of 3.1 per cent per year. This recovery did not prevent employment from contracting by 0.4 per cent in 2010, a fact that can be explained by the 1.4 per cent increase in Alberta's population in 2010 due to the increase in migration.

Nationally the unemployment rate remained unchanged at 8.0 per cent. In Alberta the average unemployment rate was 6.5 per cent in 2010, the third lowest provincial rate in Canada. Even though the economy began to recover in 2010-11, income support and health benefit spending increased as the ministry continued to help Albertans get back to work as soon as possible. Federal labour market development and economic stimulus funding was used to assist clients with employment and training programs.

The ministry's 2010-11 revenues were $453.3 million, approximately $29 million higher than the previous year. The increase was mainly due to an increase in the ministry's Canada Social Transfer allocation and an increase in federal resources received under the Federal Community Development Trust, partially offset by a decrease in federal resources provided under the Labour Market Development Agreement.

The ministry's overall spending decreased by approximately $19 million from 2009-10, primarily as the result of planned changes to various training and immigration programs. The decrease was partially offset by increased expenditures for income support and health benefits due to increased caseload and utilization.

Within this context, the following section summarizes the key results for the ministry in 2010-11.

Core Business 1: Investing in Alberta's labour supply

Through this core business, the ministry works to ensure the province has a sufficient supply of workers to meet the needs of the economy, now and in the future. This includes attracting and retaining other Canadians and immigrants to Alberta's labour force.

GOAL 1

Alberta is able to meet its labour force requirements

In 2010-11, the ministry continued its work to ensure Alberta has a sufficient supply of workers to meet the needs of the economy. This included continued implementation of workforce strategies established under Alberta's long-term labour force development strategy, *Building and Educating Tomorrow's Workforce* (BETW). In 2010-11 $7.3 million was directed towards Workforce Partnerships and Aboriginal Development Partnerships. Both programs are dedicated to increasing participation in Alberta's economic development. The Federal Community Development Trust funding was directed toward forestry, Aboriginal, workplace productivity and not-for-profit sector initiatives. In addition, as part of the government's continued efforts to promote efficient and effective health care services delivery, $34 million was spent under the Health Workforce Action Plan to fund activities related to supporting immediate and future health workforce needs.

Key results and highlights in helping Alberta meet its labour force requirements include:

- Held the Minister's Workforce Forum on October 27, 2010 in Edmonton. The forum was attended by 120 senior executives from industry associations, employers, labour groups, professional and business associations, government, educational/training institutions and other organizations. Participants took part in panel and group discussions to identify ways to meet future workforce needs. The comments and feedback from the 2010 Minister's Workforce Forum will be an important input in updating BETW. Government staff from the departments of Finance and Enterprise and Advanced Education and Technology participated on the Forum Planning Committee.

- Held Industry Contributor's Group meetings with industry stakeholders to discuss the current workforce situation and facilitate implementation of workforce strategies. Stakeholder sectors included tourism and hospitality/retail, energy, manufacturing/forestry, construction and supply chain logistics.

- Funded initiatives in the forest industry through a cross-ministry partnership with the departments of Sustainable Resource Development and Finance and Enterprise to help industry employers and employees impacted by the economic downturn. Initiatives included work to develop a skilled labour force for future opportunities in forestry by enhancing employee skills, increasing productivity, diversifying products and supporting workforce adjustments. Examples of these initiatives include: developing distance learning modules for worksites, increasing skills diversification and cost efficiency, and highlighting a Work Wild campaign that positions the forestry sector as a solid career option.

- Partnered with Indian and Northern Affairs Canada, Western Economic Diversification Canada, Chipewyan Prairie First Nation, Cenovus and Classroom Connections to provide essential skills and core competency training for un/underemployed and/or out of school Aboriginal youth.

- Worked collaboratively with the departments of Health and Wellness and Advanced Education and Technology to implement the 2010-11 Health Workforce Action Plan (HWAP) initiatives and jointly administer the $34 million budget. HWAP initiatives led by Employment and Immigration were $4.2 million of the overall HWAP budget. Initiatives led by E&I included the continued implementation of the No Unsafe Lift Framework to prevent workplace injuries related to patient lifting, career centres to assist internationally educated health professionals address gaps in training enabling employment in the profession they were trained in, and enhanced English language training programs to support the successful integration of internationally educated health care professionals into Alberta's health workforce.

- Worked with the Aboriginal population to enhance their participation in Alberta's labour market. Various projects are underway to provide skill training and employment readiness to Aboriginal people. One example is E&I's business partnership with Statoil Hydro and The Business Link, which has resulted in the development of the Local Opportunities office in Conklin supporting employers, employees and Aboriginal entrepreneurs to take advantage of opportunities in the resource sector. To date, over 300 individuals have received services from an Aboriginal Business Development Services specialist. E&I also worked with aboriginal youth to facilitate job shadowing opportunities that introduce them to career opportunities in northwest Alberta.

- Worked closely with the not-for-profit sector as it implemented the Not-for-Profit Workforce Action Plan under BETW. Initiatives leading to a more productive workforce included human resources training for senior managers, improving attraction and retention practices and LEAN processing methods to enhance workflow.

- Held over 300 career and job fairs, providing more than 1,100 employers the opportunity to interview and recruit workers.

The labour force participation rate for off-reserve First Nations, Métis and Inuit people increased in 2010, moving to 70.6 per cent from 69.8 per cent in 2009. This rate led all provinces for 2010, with Alberta regaining the top rate after ranking third in 2009.

In 2010, the labour force participation rate for Alberta was 72.9 per cent, which ranked the highest in Canada and met the target for this performance measure. By comparison, the Canadian rate was 67.0 per cent, and the lowest rate in the country was 59.9 per cent. The labour force participation rate represents the percentage of the working-age population that is either employed or actively seeking employment (i.e., unemployed).

See Performance Measures Summary Table (pg. 13-15) for results for performance measures 1.a, 1.b, 1.c and 1.d.

GOAL 2

Alberta is able to attract and retain workers to the province

E&I led the development and implementation of policies and programs to attract, welcome and retain newcomers. Built on the *Supporting Immigrants and Immigration to Alberta* policy framework, E&I supported retention initiatives to help migrants as they settled within Alberta's communities and integrated into the labour force. The Ministry's overall 2010-11 spending on immigration programs was over $58 million. In addition to living allowances for immigrants, the funding allocation supported programs related to providing settlement and integration services, Foreign Qualification Recognition (FQR), English as an Additional Language (EAL) and the Alberta Immigrant Nominee Program (AINP).

Key results and highlights in attracting and retaining workers to the province include:

- Supported immigrants through career, employment and training programs that enable them to move into the labour force as quickly as possible. Bridging programs designed to bring foreign-trained professionals' skills to Canadian standards are in place for occupations such as engineers, accountants and electricians. Specific skills training is also available in a variety of areas such as refrigeration and air conditioning, oil and gas servicing, drilling rig hands and millwrights.
- Offered career advice and guidance to internationally trained health care professionals through Health Careers Centres. This included assisting doctors to become licensed to practice in Canada through preparing for examinations and applying for residence positions.
- Helped over 400 immigrants receive services to help them bridge to occupations, and enabled access to integrated training for over 350 immigrants.
- Welcomed 32,640 newcomers to Alberta from all over the world. The ten top countries included the Philippines, India, China, the United Kingdom, the United States, Nigeria, Pakistan, Germany, Mexico and South Korea. Occupations for newcomers include registered nurses, cooks, financial auditors and accountants, post-secondary teaching and research assistants, light duty cleaners, college and other vocational instructors, labourers in food and beverage processing, university professors, and information systems analysts and consultants.
- Expanded the AINP's Strategic Recruitment Stream by including Optional Trades as eligible occupations and introduced criteria changes to AINP's Hotel and Lodging Semi-Skilled Category. The AINP exceeded its fiscal year target for provincial nomination certificates to the federal government, forwarding over 5,000 certificates that included nominations for over 14,000 individuals for expedited permanent residency to live and work in Alberta.
- Continued to assist employers, potential newcomers, immigrants and temporary foreign workers through the Immigrate to Alberta (I2A) Information Service. Responded to 24,350 telephone and 5,600 email inquiries regarding provincial and federal immigration processes and programs.
- Worked collaboratively with stakeholders, including professional regulatory organizations (PROs) and employers, to make systemic improvements in the assessment and recognition of foreign qualifications in Alberta. The FQR Innovation Fund was awarded to 10 PROs to improve processes leading to successful outcomes for assessment and recognition of internationally trained professionals.

- Helped approximately 25,000 immigrants settle into their communities, and 5,000 temporary foreign workers adjust to living in the province. Innovative programs such as Learning English with CBC were launched, which includes the program "Break the Wall". The program offers special CBC news and feature stories presented in a deliberate, slow pace to facilitate comprehension. The stories contain written lessons for teachers and students.
- Represented Alberta's interest on the Labour Mobility Coordinating Group to develop policies to implement Chapter 7 of the *Agreement on Internal Trade*. Also, the *New WEST Partnership Trade Agreement* was ratified on July 1, 2010.

As Alberta's economy was recovering in 2010, the province gained a net total of 6,797 interprovincial migrants, a positive increase compared to 1,101 in 2009. The result for this measure fell short of the target of 15,000 as inter-provincial migration lagged behind Alberta's steady economic recovery. In 2010, the top two provinces from which people moved to Alberta were British Columbia and Ontario.

In 2010, Alberta attracted 32,640 new immigrants to the province, surpassing E&I's performance measure target of 25,000. There has been a strong rising trend in this figure since the 2006 level of 20,716.

See Performance Measures Summary Table (pg. 13-15) for results for performance measures 2.a, 2.b, 2.c and 2.d

Core Business 2: Investing in the skills and supporting the independence of Albertans

This core business focuses on helping individual Albertans and families realize their potential and ability to share in the social, economic and cultural fabric of the province.

GOAL 3

All Albertans share in and contribute to the economic prosperity of Alberta

E&I led strategies to help Albertans find and maintain employment by providing the tools and services they need to develop skills, manage their careers, and adapt to the changing labour market. Through its employment and training programs, the ministry assisted Albertans facing challenges in becoming connected to the labour force. In 2010-11, spending on employment programs totalled over $980 million, exceeding original budgeted spending by $70 million. In 2010-11, $168 million was allocated to programs which supported Albertans to find work and substantially improve their employment situation or help them adapt to changing labour conditions in order to sustain employment. Over $491 million was provided to Albertans through income support and an additional $161 million was provided in health benefits.

Key results and highlights in helping all Albertans to share in and contribute to Alberta's economic prosperity include:

- Provided Albertans with career and labour market information, training resources and financial supports. Over 132,000 calls and emails were handled by the Student Funding Contact Centre. In addition, over 23,000 calls and emails were answered by the Career Information Hotline. Career advisors reviewed over 1,400 e-resumés, and provided information to help Albertans make informed career, education and employment decisions.
- Through Labour Market Information Centres (LMICs), provided tools and resources to help Albertans find and keep employment. Labour market trend information, local job leads, job fairs, career and employment consultation, and print material and other media are available across the province. Workshops were offered to Albertans to help them make the right choices for training and employment opportunities. Many LMICs host community agencies focusing on services in demand by clientele. Use of webcam technology is increasing in order to improve services to rural Albertans.
- Responded to changes in the economy by shifting contract priorities to ensure Albertans return to the labour force as quickly as possible through short term training. Union training centres affiliated with the Northern Alberta Building Trades Council provided pre-employment training for 70 Albertans. Other training focuses on occupations in demand in a variety of industries including retail, sales, customer service and janitorial.
- The Alberta Supports Contact Centre, launched in June 2010, provides accessible and integrated service delivery to Albertans across 34 programs and approximately 120 services on behalf of the departments of Employment and Immigration, Children and Youth Services, Housing and Urban Affairs and Seniors and Community Supports. Since the launch, the Contact Centre has responded to more than 115,000 calls.

- Developed business and information processes in collaboration with the department of Advanced Education and Technology to help employment insurance recipients attending two-year programs access student loan assistance.
- Developed a literacy action plan and communicated it to various internal and external stakeholders, and established a working group with the departments of Education and Advanced Education and Technology. An information session was held with stakeholders to discuss literacy and essential skills in the workplace.
- Viable Calgary, an initiative focusing on assisting employers to increase the workforce participation of persons with disabilities, received an Award of Excellence from the Premier's Council on the Status of Persons with Disabilities for increasing barrier-free and inclusive work environments.

In 2010-11, 72 per cent of participants in skills programs were employed or in further education or training three months after leaving the program, missing the target of 75 per cent. However, this is an increase of 4 percentage points over the 2009-10 result of 68 per cent.

There was an increase from the prior year in the result for performance measure 3.b Percentage of participants employed after leaving Income Support. In 2010-11, the result missed its target of 70 per cent, however it did increase to 63 per cent from 52 per cent the previous year. This is consistent with the steady recovery of Alberta's economy. There continue to be challenges in assisting this population achieve employment including difficult labour market conditions, prior education level, work experience and other barriers. E&I's focus is on moving clients into employment and, as the number of available jobs increases, former Income Support participants will have a better chance of finding work.

E&I exceeded its target of 80 per cent of Child Support Services clients with potential for child support who have either a support order or an agreement in place when the file closes. This performance measure has come close to the target in recent years and did attain that level of success in 2010-11 with a result of 81 per cent.

See Performance Measures Summary Table (pg. 13-15) for results for performance measures 3.a, 3.b, 3.c and 3.d.

Core Business 3: Investing in Alberta's workplaces

This core business focuses on supporting fair, safe and healthy workplaces.

GOAL 4

Alberta has a fair, safe and healthy work environment

Fair, safe, healthy and productive workplaces increase the quality of life for Alberta workers and help keep Alberta prosperous and competitive in the global economy. E&I helped employers and organizations develop positive labour-management relationships through better communication, problem solving and cooperation. E&I also promoted, regulated, monitored and informed employers and employees in Alberta regarding workplace rights and responsibilities, health and safety, and fair and balanced employment standards.

Key results and highlights in making Alberta's work environment more fair, safe and healthy include:

- Released a 10-point plan to achieve greater Occupational Health and Safety (OHS) accountability and transparency to ensure Albertans have continued confidence in the health and safety of their workplaces. Initiatives in the 10-point plan include: implementing updated compliance and enforcement procedures; releasing an easy-to-understand online template for posting safety records; posting the safety records of all Alberta companies online; reviewing the direction of Work Safe Alberta; launching an internal software program improving data collection and reporting systems; revising the "Employer Review Process" for companies with Certificates of Recognition and poor safety performance; reviewing safety awards programs; hiring additional OHS officers; reviewing all open orders identified by the Office of the Auditor General; and introducing a pilot project for weekend and evening worksite inspections.
- Improved access to information about worker safety. In the last year, comprehensive safety information on more than 140,000 Alberta employers was made available that allows the public to search and see the injury and fatality records of almost every business with a Workers' Compensation Board account.
- OHS officers were involved in focused inspection campaigns that saw hundreds of orders written to improve worker safety across Alberta. Over a six-week period in 2010, OHS officers conducted 298 initial and follow-up inspections of 146 commercial construction employers across the province. A total of 214 orders, including 39 stop work orders, were issued. Fall hazards, including a lack of proper fall protection or fall protection plan, top the list of safety violations with over a quarter of all orders. This indicates that working without proper fall protection is a primary safety issue in the commercial construction sector.
- OHS officers conducted a total of 13,765 inspections of Alberta employer work sites to ensure compliance with safety standards set out in the *OHS Act, Regulation* and *Code*. OHS officers wrote 7,829 orders to those employers who were not meeting regulatory standards to assist in improving the health and safety of workers in Alberta.
- Made 90 mediator appointments based on requests by employers and unions to assist in settling labour disputes, and 147 appointments of arbitrators to assist in resolving grievances.

- Continued to assist Albertans by providing information about employment standards and workplace safety. The Employment Standards Contact Centre responded to over 111,000 calls and over 7,000 emails, and the OHS Contact Centre responded to over 15,000 calls and over 3,000 emails.
- Implemented a pilot online complaint process for employment standards, ensuring greater accessibility to employment standards services.
- Received 1,378 online complaints in approximately 14 weeks at the Employment Standards Contact Centre pilot. This accounted for 72 per cent of the total (paper and online) ES complaints submitted during this time frame.
- Settled 203 collective bargaining agreements, of which 202 (or 99.6 per cent) were settled without a work stoppage.
- Worked with Alberta Health and Wellness to develop *"Best Practices for the Assessment and Control of Physical Hazards in the Healthcare Industry"*. This is the fourth best practices guide in a series of five being developed for the healthcare industry.

In 2010, the provincial lost-time claim rate was 1.41, achieving the target of 1.70 or less. The rate dropped almost eight per cent from the previous year (1.53) and reached a record low. Lost-time claim rates were down across all major industry sectors with the manufacturing, processing and packaging and the mining and petroleum development sectors experiencing the biggest drops.

In 2010-11, 99.6 per cent of collective bargaining agreements were settled without a work stoppage, exceeding the target of 98 per cent. This measure provides an indication of labour stability in unionized workplaces in Alberta, and whether the parties involved are resolving disputes and managing workplace issues without a work stoppage.

See Performance Measures Summary Table (pg. 13-15) for results for performance measures 4.a, 4.b, 4.c and 4.d.

Alberta Labour Relations Board

GOAL 5

Alberta's labour relations laws are administered in a fair and equitable manner

The Alberta Labour Relations Board (ALRB) is an independent and impartial administrative tribunal responsible for the day-to-day application and interpretation of Alberta's labour laws. The ALRB processes applications and frequently conducts hearings on matters arising from both private and public employment sectors. Some, but not all, of the issues that come before the ALRB include certifications, revocations, various votes, bargaining unit determinations and unfair labour practices that fall under the *Labour Relations Code*, *Public Service Employee Relations Act* and *Police Officers Collective Bargaining Act*.

ALRB's key results and highlights include:

- Continued to book hearing dates as soon as possible once an application was received. Labour Relations Officers and Management used reports from ALRB's extensive case management system to monitor the timeliness of its processes and to redirect resources to those files that required them.
- Labour Relations Officers and Adjudicators continued to obtain training in the use of Alternative Dispute Resolution methods through a combination of regular academic course work and observing the methods used by ALRB's senior officer staff. The Resolution Conference initiative continued to provide settlement opportunities for the parties using ALRB's adjudicative staff.
- Adjudicators continued to use management reports that identify potentially late decisions, and to allocate resources to those cases. Case loads often determine the amount of time that adjudicators commit to writing versus hearing, and this is often a major factor in meeting performance measure targets.

There were 510 matters filed with the ALRB in 2010-11, 23 more than in 2009-10. The average number of days from application to hearing date was 160: 90 days more than the target of 70. This difference is the result of one application that began in 2008. The file took 889 days to complete because it dealt with a large number of affected employees and was intertwined with issues on other files including a request to establish a Compulsory Arbitration Board, unfair labour practice complaints filed by both parties, and a reconsideration application requesting the Board. Without this anomaly the result would have been 73 days, only 3 more days than targeted for the measure.

The percentage of decisions rendered within 90 and 180 calendar days from the completion of the hearing(s) were both lower than targeted. The following factors impacted the results for these two performance measures for the reporting period:

1. The number of administrative and formal hearings increased 35 per cent (from 274 to 369) and panel days sat increased 24 per cent (from 228 to 282).
2. The ALRB experimented with part-time Vice-Chairs as a response to fiscal and functional challenges.

See Performance Measures Summary Table (pg. 13-15) for results for performance measures 5.a, 5.b, 5.c and 5.d.

Appeals Commission for Alberta Workers' Compensation

GOAL 6

Alberta has an effective mechanism for the final appeal of Workers' Compensation Board decisions

Having an independent and impartial body to hear appeals of decisions made by the Workers' Compensation Board is essential. This final level of appeal is important for workers, employers and the Workers' Compensation Board as well. The fair and consistent application of legislation, policy and principles of natural justice are required to ensure solid, defendable decisions.

The Appeals Commission for Alberta Workers' Compensation's key results and highlights include:

- Continued to reduce the time required for the processing of the most complex appeals coming before the Appeals Commission.
- Continued to reduce the number of appeals in adjourned status for long periods by setting processing requirements to move individual appeals forward to decision.
- Maintained our performance within one percent of our target for measuring quality of Appeals Commission decisions.

In the past fiscal year, standard appeals were processed on average in 154 days and complex appeals in 176 days. Of the decisions issued, 97.8 per cent were either not challenged, and if they were, they were upheld upon review by the Courts, the Ombudsman or the Appeals Commission.

See Performance Measures Summary Table (pg. 13-15) for results to performance measures 6.a, 6.b, 6.c and 6.d.

Ministry Expense by Function

	(in thousands) 2010-11 Budget	2010-11 Actual	2009-10 Actual
Health	35,000	34,256	41,840
Education	274,994	259,575	305,200
Social Services	648,482	734,319	690,772
Agriculture, Resource Management and Economic Development	77,031	62,127	77,079
Regional Planning and Development	10,000	11,582	7,938
Protection of Persons and Property	54,657	51,227	48,935
General Government	24	110	509
Total Expense by Function	$1,110,188	$1,153,195	$1,172,272

Financial Information

Accountability

Financial results of the Ministry of Employment and Immigration for the year ended March 31, 2011 include the activities of the Alberta Labour Relations Board, the Appeals Commission for Alberta Workers' Compensation and the Department of Employment and Immigration. Ministry expenses by function can be found in the Results Analysis section (pg. 27).

AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Financial Statements

I have audited the accompanying financial statements of the Ministry of Employment and Immigration, which comprise the statement of financial position as at March 31, 2011, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Employment and Immigration as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Original signed by Merwan N. Saher, CA

Auditor General

May 30, 2011

Edmonton, Alberta

Financial Statements and Notes

MINISTRY OF EMPLOYMENT AND IMMIGRATION
STATEMENT OF OPERATIONS
Year ended March 31, 2011

	2011		2010
	Budget	**Actual**	**Actual**
	(Schedule 4)		**Restated (Note 3)**
		(in thousands)	
Revenues (Schedule 1)			
Internal Government Transfers	$ 11,987	$ 11,987	$ 11,987
Transfers from the Government of Canada	384,969	396,334	374,712
Premiums, Fees and Licences	700	682	681
Other Revenue	39,551	44,299	37,283
	437,207	453,302	424,663
Expenses - Directly Incurred (Note 2(b) and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	21,020	19,546	20,725
Employment	909,337	977,819	981,212
Workplace Standards	42,455	39,935	37,859
Immigration	70,150	58,656	71,113
Health Workforce Development	35,000	34,256	41,840
Federal Community Development Trust	10,000	11,582	7,938
Labour Relations Board	3,045	3,033	2,976
Workers' Compensation Appeals	9,157	8,258	8,100
	1,100,164	1,153,085	1,171,763
Statutory (Schedules 3 and 5)			
Valuation Adjustments (Note 6)			
Provision for Doubtful Accounts and Vacation Pay	24	110	509
	1,100,188	1,153,195	1,172,272
Net Operating Results	$ (662,981)	$ (699,893)	$ (747,609)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF EMPLOYMENT AND IMMIGRATION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2011

	2011	2010 Restated (Note 3)
	(in thousands)	
Assets		
Cash	$ 7,896	$ 13
Accounts Receivable (Note 4)	7,832	4,933
Advances (Note 5)	2,105	5,020
Tangible Capital Assets (Note 7)	24,406	22,696
	$ 42,239	$ 32,662
Liabilities		
Accounts Payable and Accrued Liabilities	$ 77,478	$ 74,107
Unearned Revenue	23,142	15,999
	100,620	90,106
Net Liabilities		
Net Liabilities at Beginning of Year	(57,444)	(71,099)
Net Operating Results	(699,893)	(747,609)
Net Financing Provided from General Revenues	698,956	761,264
Net Liabilities at End of Year	(58,381)	(57,444)
	$ 42,239	$ 32,662

Contractual obligations and contingent liabilities (Notes 8 and 9)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF EMPLOYMENT AND IMMIGRATION
STATEMENT OF CASH FLOWS
Year ended March 31, 2011

	2011	2010 Restated (Note 3)
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (699,893)	$ (747,609)
Non-cash items included in Net Operating Results		
Amortization (Schedule 3)	2,524	2,804
Loss on Disposal of Capital Tangible Assets	-	1,293
Valuation Adjustments	110	509
	(697,259)	(743,003)
(Increase) Decrease in Accounts Receivable [(a)]	(3,000)	985
Decrease in Advances	2,915	20
Increase (Decrease) in Accounts Payable and Accrued Liabilities [(b)]	3,363	12,325
Increase (Decrease) in Unearned Revenue	7,143	(26,450)
Cash Applied to Operating Transactions	(686,838)	(756,123)
Capital Transactions		
Acquisition of Tangible Capital Assets (Schedule 5)	(4,235)	(4,971)
Transfer of Tangible Capital Assets from Other Ministries	-	(184)
Cash Applied to Capital Transactions	(4,235)	(5,155)
Financing Transactions		
Net Financing Provided from General Revenues	698,956	761,264
Cash Provided by Financing Transactions	698,956	761,264
Increase (Decrease) in Cash	7,883	(14)
Cash at Beginning of Year	13	27
Cash at End of Year	$ 7,896	$ 13

(a) Adjusted for provision for doubtful accounts.

(b) Adjusted for provision for vacation pay.

The accompanying notes and schedules are part of these financial statements.

NOTES TO THE MINISTRY FINANCIAL STATEMENTS
Year ended March 31, 2011

NOTE 1 AUTHORITY

The Ministry of Employment and Immigration operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry of Employment and Immigration contributes to the Government of Alberta's priorities by working with partners to:

- Ensure that Alberta will have a prosperous economy,
- Ensure that Albertans will be well prepared for lifelong learning,
- Ensure that Albertans will be healthy,
- Ensure that Albertans will be independent and that our children will be well cared for,
- Ensure that Alberta will be a safe place to live, work and raise families,
- Ensure that Alberta will have strong and effective municipalities and self-reliant Aboriginal communities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Ministry of Employment and Immigration for which the Minister of Employment and Immigration is accountable. The Ministry's Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of the Ministry are deposited into the Fund and all cash disbursements made by the Ministry are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal Government transfers are transfers between entities within the Government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal Government transfers are recognized as revenue when received.

Transfers from Government of Canada

Transfers from the Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made. Overpayments relating to Canada Social Transfer entitlements and transfers received before revenue recognition criteria have been met are included in accounts payable and accrued liabilities or unearned revenue.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Department may, with the approval of Treasury Board, use the excess to fund additional expenses on the program. Schedule 2 discloses information on the Department's credit or recovery initiatives.

NOTES TO THE MINISTRY FINANCIAL STATEMENTS
Year ended March 31, 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets.
- Pension costs, which are the cost of employer contributions for current service of employees during the year.
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, and long-term disability.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 7 and allocated to programs in Schedule 8.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major system enhancements is $100,000. The threshold for all other tangible capital assets is $5,000.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Liabilities

Net liabilities represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized and another reasonably possible amount. The nature of uncertainty, for Canada Social Transfers, can arise from changes in the base allocations which are primarily a result of updated personal and corporate tax information.

Measurement uncertainty also exists for outstanding tuition fee recoveries originally expensed in the Ministry's employment programs. Tuition fee recoveries are recorded in the year received. The amount of any outstanding recoveries cannot be reasonably estimated.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, accounts payable, and accrued liabilities are estimated to approximate their carrying value because of the short term nature of these instruments.

NOTES TO THE MINISTRY FINANCIAL STATEMENTS
Year ended March 31, 2011

NOTE 3 PROGRAM TRANSFER
(in thousands)

Effective April 1, 2010, the Francophone Secretariat was transferred to the Department of Municipal Affairs. The 2010 comparative financial statements have been restated to reflect this change as if it occurred in the prior period to provide comparative information on the same basis as for 2011.

Net liabilities as previously reported April 1, 2009	$	(67,120)
Transfer to Municipal Affairs		3,979
Restated net liabilities at April 1, 2009	$	(71,099)

NOTE 4 ACCOUNTS RECEIVABLE
(in thousands)

	2011			2010
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts receivable	$ 7,189	$ (210)	6,979	$ 4,650
Refunds from suppliers	853	-	853	283
	$ 8,042	$ (210)	$ 7,832	$ 4,933

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 ADVANCES
(in thousands)

	2011	2010
Program advances	$ 2,105	$ 5,020
	$ 2,105	$ 5,020

Program advances are for emergent benefits for clients.

NOTE 6 VALUATION ADJUSTMENTS
(in thousands)

	2011	2010
Provision for doubtful accounts	$ 101	$ (62)
Provision for vacation pay	9	571
	$ 110	$ 509

NOTES TO THE MINISTRY FINANCIAL STATEMENTS
Year ended March 31, 2011

NOTE 7 TANGIBLE CAPITAL ASSETS
(in thousands)

	Equipment	Systems Dev and Enhancements	2011 Total	2010 Total
Estimated Useful Life	3 to 10 years	5 to 7 years		
Historical Cost [a]				
Beginning of year	$ 4,308	$ 44,493	$ 48,801	$ 44,940
Additions	102	4,133	4,235	5,155
Disposals	(9)	0	(9)	(1,293)
	$ 4,401	$ 48,626	$ 53,027	$ 48,802
Accumulated Amortization				
Beginning of year	$ 2,828	$ 23,278	$ 26,106	$ 23,302
Amortization expense	426	2,098	2,524	2,804
Disposals	(9)	0	(9)	0
	$ 3,245	$ 25,376	$ 28,621	$ 26,106
Net Book Value at March 31, 2011	$ 1,156	$ 23,250	$ 24,406	
Net Book Value at March 31, 2010	$ 1,480	$ 21,216		$ 22,696

(a) Historical cost includes work-in-progress at March 31, 2011 totaling $7,721 and is comprised of systems development and enhancements (2010 - $18,829).

NOTE 8 CONTRACTUAL OBLIGATIONS
(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts are met.

	2011	2010
Obligations under operating leases, contracts and programs	$ 39,833	$ 27,805
	$ 39,833	$ 27,805

Estimated payment requirements for each of the next five years and thereafter are as follows:

Obligations under operating leases, contracts and programs	Total
2011-12	$ 18,364
2012-13	16,158
2013-14	3,741
2014-15	1,570
2015-16	-
Thereafter	-
	$ 39,833

NOTES TO THE MINISTRY FINANCIAL STATEMENTS
Year ended March 31, 2011

NOTE 9 CONTINGENT LIABILITIES
(in thousands)

At March 31, 2011 the Ministry is a defendant in eight legal claims (2010 – eleven claims). These claims have specified amounts totaling $12,043 (2010 - $24,278). All eight claims are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

NOTE 10 TRUST FUNDS UNDER ADMINISTRATION
(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

At March 31, 2011 trust fund under administration was as follows:

	2011			2010
	Total Assets	Total Liabilities	Net Assets	Net Assets
Employment Standards Trust Fund	$1,234	-	$1,234	$ 964
	$1,234	-	$1,234	$ 964

NOTE 11 PAYMENTS UNDER AGREEMENT

The Ministry had entered into an agreement with an employer to pay amounts due to Temporary Foreign Workers and was holding funds on behalf of the employer. The funds were held in the General Revenue Fund and recorded as a payment under agreement liability in the Ministry's accounts. The agreement expired on March 31, 2011. The funds were returned to the employer in accordance with the agreement.

NOTE 12 BENEFIT PLANS
(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $18,119 for the year ended March 31, 2011 (2010 – $15,480).

At December 31, 2010, the Management Employees Pension Plan reported a deficiency of $397,087 (2009 – deficiency $483,199) and the Public Service Pension Plan reported a deficiency of $2,067,151 (2009 – deficiency $1,729,196). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,559 (2009 – deficiency $39,516).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2011 the Bargaining Unit Plan reported an actuarial deficiency of $4,141 (2010 - deficiency $8,335) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,020 (2010 – surplus $7,431). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTES TO THE MINISTRY FINANCIAL STATEMENTS
Year ended March 31, 2011

NOTE 13 COMPARATIVE FIGURES

Certain 2010 figures have been reclassified to conform to the 2011 presentation.

NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

SCHEDULE TO THE MINISTRY FINANCIAL STATEMENTS

Revenues

Year ended March 31, 2011

Schedule 1

	2011		2010
	Budget	Actual	Actual Restated (Note 3)
	(in thousands)		
Internal Government Transfers			
Transfer from Lottery Fund	$ 11,987	$ 11,987	$ 11,987
Transfers from the Government of Canada			
Canada Social Transfer	130,308	129,368	102,196
Labour Market Development Agreement Benefits	219,243	228,867	238,557
Rehabilitation of Disabled Persons	25,190	25,190	25,190
Federal Community Development Trust	10,000	12,062	7,938
Services to On-Reserve Status Indians	228	249	269
Other Transfers	-	598	562
	384,969	396,334	374,712
Premiums, Fees and Licences			
Various	700	682	681
	700	682	681
Other Revenue			
Refunds of Previous Year Expenditures	2,350	10,170	5,209
Workers' Compensation Appeals	9,157	8,307	8,184
Occupational Health and Safety Transfer	27,694	25,458	24,843
Other	350	364	(953)
	39,551	44,299	37,283
Total Revenues	$ 437,207	$ 453,302	$ 424,663

SCHEDULE TO THE MINISTRY FINANCIAL STATEMENTS

Credit or Recovery
Year ended March 31, 2011

Schedule 2

	2011		
	Authorized	Actual	(Shortfall)/ Excess
		(in thousands)	
Workplace Health and Safety [2]	$ 27,694	$ 25,460	$ (2,234)
	$ 27,694	$ 25,460	$ (2,234) [1]

(1) The revenue and expense related to credit or recovery initiatives are included in the Ministry's revenue and expense in the Statement of Operations. Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

(2) Workplace Health and Safety recovery, under the agreement with the Workers' Compensation Board, is for the purpose of defraying costs of administering the *Occupational Health and Safety Act.*

SCHEDULE TO THE MINISTRY FINANCIAL STATEMENTS

Expense - Directly Incurred Detailed by Object

Year ended March 31, 2011

Schedule 3

	2011		2010
	Budget	Actual	Actual Restated (Note 3)
		(in thousands)	
Voted			
Salaries, Wages and Employee Benefits	$ 179,096	$ 185,947	$ 178,419
Supplies and Services	147,742	150,041	163,578
Supplies and Services from Support Service Arrangements with Related Parties [(a)]	2,717	1,714	2,748
Grants	768,485	814,321	824,998
Financial Transactions and Other	52	121	142
Amortization of Tangible Capital Assets	3,438	2,524	2,804
Total Voted Expenses Before Recoveries	1,101,530	1,154,668	1,172,689
Less Recovery from Support Service Arrangements with Related Parties [(b)]	(1,366)	(1,583)	(926)
	$ 1,100,164	$ 1,153,085	$ 1,171,763
Statutory			
Valuation Adjustments (Note 6)			
Provision for Doubtful Accounts and Vacation Pay	$ 24	$ 110	$ 509

(a) The Ministry receives financial and administrative support services from the Ministries of Education, Advanced Education and Technology, Justice and Attorney General and Seniors and Community Supports.

(b) The Ministry provides human resources, information technology, financial and other administrative support services to the Ministries of Children and Youth Services, Advanced Education and Technology, Seniors and Community Supports and Service Alberta. Costs incurred for these services are recovered from these ministries.

SCHEDULE TO THE MINISTRY FINANCIAL STATEMENTS

Budget
Year ended March 31, 2011

Schedule 4

	2010-11 Estimates	Adjustment	2010-11 Budget	Authorized Supplementary[a]	2010-11 Authorized Budget
			(in thousands)		
Revenues					
Internal Government Transfers	$ 11,987	$ -	$ 11,987	$ -	$ 11,987
Transfer from the Government of Canada	384,969	-	384,969	-	384,969
Premiums, Fees and Licences	700	-	700	-	700
Other Revenue	39,551	-	39,551	-	39,551
	437,207	-	437,207	-	437,207
Expenses - Directly Incurred					
Voted Expenses					
Ministry Support Services	21,020	-	21,020	(626)	20,394
Employment	909,337	-	909,337	69,704	979,041
Workplace Standards	42,455	-	42,455	368	42,823
Immigration	70,150	-	70,150	(5,810)	64,340
Health Workforce Development	35,000	-	35,000	-	35,000
Federal Community Development Trust	10,000	-	10,000	2,040	12,040
Labour Relations Board	3,045	-	3,045	(32)	3,013
Workers' Compensation Appeals	9,157	-	9,157	(750)	8,407
Credit or Recovery Shortfall (Schedule 2)	-	(2,234)	(2,234)	-	(2,234)
	1,100,164	(2,234)	1,097,930	64,894	1,162,824
Statutory Expenses					
Valuation Adjustments					
Provision for Doubtful Accounts and Vacation Pay	24	-	24	110	134
	24	-	24	110	134
	1,100,188	(2,234)	1,097,954	65,004	1,162,958
Net Operating Results	$ (662,981)	$ 2,234	$ (660,747)	$ (65,004)	$ (725,751)
Capital Investment	$ 3,958	-	$ 3,958	$ 350	$ 4,308

(a) Supplementary Estimates were approved on March 14, 2011.

SCHEDULE TO THE MINISTRY FINANCIAL STATEMENTS

Comparison of Expenses - Directly Incurred, Equipment/Inventory Purchases (EIP) and Capital Investment, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget

Year ended March 31, 2011

Schedule 5

	2010-2011 Estimates	Adjustments	Authorized Supplementary (a)	2010-2011 Authorized Budget	2010-2011 Actual	Unexpended (Over Expended)
			(in thousands)			
Voted Expense and Capital Investments						
Program 1 - Ministry Support Services						
1.0.1 Minister's Office	$ 486	$ -	$ -	$ 486	$ 484	$ 2
1.0.2 Deputy Minister's Office	569	-	-	569	553	16
1.0.3 Strategic Corporate Services						
- Operating Expense	15,157	-	(126)	15,031	14,468	563
- Equipment / Inventory Purchases	578	-	-	578	128	450
1.0.4 Human Resource Services	4,148	-	(500)	3,648	3,526	122
1.0.5 Communications	660	-	-	660	515	145
	21,598	-	(626)	20,972	19,674	1,298
Program 2 - Employment						
2.1.1 Program Support and Delivery						
- Operating Expense	134,678	-	8,423	143,101	143,830	(729)
- Equipment / Inventory Purchases	3,020	-	-	3,020	3,446	(426)
2.1.2 Child Support Services	5,309	-	-	5,309	6,106	(797)
2.2.1 Youth Connections	5,505	-	(88)	5,417	5,669	(252)
2.2.2 Career Development Services	52,410	-	11,190	63,600	62,375	1,225
2.2.3 Basic Skills and Academic Upgrading	22,930	-	487	23,417	22,136	1,281
2.2.4 Disability Related Employment Supports	14,236	-	(3,473)	10,763	10,638	125
2.2.5 Summer Temporary and Other Employment Programs						
- Expense funded by Lotteries	7,413	-	-	7,413	6,936	477
2.2.6 Training for Work						
- Operating Expense	74,072	-	(8,475)	65,597	60,478	5,119
2.3.1 Workforce Partnerships	7,559	-	(2,799)	4,760	3,777	983
2.3.2 Aboriginal Development Partnerships	3,409	-	(148)	3,261	3,480	(219)
2.4.1 Alberta Child Health Benefit	29,276	-	(3,598)	25,678	28,189	(2,511)
2.4.2 Alberta Adult Health Benefit	20,778	-	7,006	27,784	28,306	(522)
2.4.3 Learners	3,500	-	(500)	3,000	4,522	(1,522)
2.4.4 People Expected to Work or Working	30,372	-	4,706	35,078	42,318	(7,240)
2.4.5 People Not Expected to Work	48,124	-	7,675	55,799	57,846	(2,047)
2.5.1 Learners	69,821	-	(2,821)	67,000	63,489	3,511
2.5.2 People Expected to Work or Working	230,050	-	30,261	260,311	255,354	4,957
2.5.3 People Not Expected to Work	146,462	-	22,967	169,429	169,964	(535)
2.5.4 Widows' Pension	3,433	-	(1,109)	2,324	2,406	(82)
	912,357	-	69,704	982,061	981,265	796
Program 3 - Workplace Standards						
3.1.1 Program Support	1,198	-	-	1,198	1,159	39
3.2.1 Mediation	1,013	-	(65)	948	972	(24)
3.2.2 Labour Relations Policy and Legislation	828	-	127	955	748	207
3.3.1 Professions and Occupations	1,274	-	(247)	1,027	978	49
3.4.1 Policy and Legislation						
- Operating Expense	7,900	-	-	7,900	6,094	1,806
- Equipment / Inventory Purchases	360	-	-	360	593	(233)
3.4.2 Partners in Injury Reduction	2,443	-	-	2,443	1,942	501
3.4.3 Regional Services	16,991	-	-	16,991	16,829	162
3.5.1 Policy and Legislation	565	-	-	565	449	116
3.5.2 Regional Services	9,928	-	553	10,481	10,485	(4)
3.6.1 Medical Panels for Alberta Workers' Compensation	315	-	-	315	279	36
	42,815	-	368	43,183	40,528	2,655

SCHEDULE TO THE MINISTRY FINANCIAL STATEMENTS

Comparison of Expenses - Directly Incurred, Equipment/Inventory Purchases (EIP) and Capital Investment, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget

Year ended March 31, 2011

Schedule 5 (Cont'd)

	2010-2011 Estimates	Adjustment	Authorized Supplementary (a)	2010-2011 Authorized Budget	2010-2011 Actual	Unexpended (Over Expended)
			(in thousands)			
Program 4 - Immigration						
4.1.1 Immigration Policy Support	4,730	-	(413)	4,317	4,259	58
4.2.1 Settlement and Integration						
- Operating Expense	3,369	-	-	3,369	3,199	170
- Expense funded by Lotteries	4,574	-	-	4,574	4,574	-
4.2.2 Foreign Qualification Recognition	4,087	-	1,253	5,340	3,786	1,554
4.2.3 Alberta Immigrant Nominee Program						
- Operating Expense	4,946	-	(777)	4,169	4,481	(312)
4.2.4 Labour Supply	4,818	-	-	4,818	4,720	98
4.2.5 English as an Additional Language	13,166	-	(695)	12,471	10,247	2,224
4.2.6 Bridging Program	5,200	-	(1,880)	3,320	3,487	(167)
4.2.7 Living Allowance for Immigrants	25,260	-	(3,298)	21,962	19,903	2,059
	70,150	-	(5,810)	64,340	58,656	5,684
Program 5 - Health Workforce Development						
5.0.1 Health Workforce Development	35,000	-	-	35,000	34,256	744
	35,000	-	-	35,000	34,256	744
Program 6 - Federal Community Development Trust						
6.0.1 Federal Community Development Trust	10,000	-	2,040	12,040	11,582	458
	10,000	-	2,040	12,040	11,582	458
Program 7 - Labour Relation Board						
7.0.1 Labour Relations Board	3,045	-	(32)	3,013	3,033	(20)
	3,045	-	(32)	3,013	3,033	(20)
Program 8 - Workers' Compensation Appeals						
8.0.1 Appeals Commission for Alberta Workers' Compensation						
- Operating Expense	9,157	-	(750)	8,407	8,258	149
- Equipment / Inventory Purchases	-	-	350	350	68	282
	9,157	-	(400)	8,757	8,326	431
Credit or Recovery Shortfall	-	(2,234)	-	(2,234)	-	(2,234)
Total Voted Expenses and Capital Investments	$ 1,104,122	-	$ 65,244	$ 1,169,366	$ 1,157,320	$ 9,812 [b]
Program Operating Expenses	1,100,164	-	64,894	1,165,058	1,153,085	9,739
Program Capital Expenses	3,958	-	350	4,308	4,235	73
	$ 1,104,122	-	$ 65,244	$ 1,169,366	$ 1,157,320	$ 9,812
Statutory Expenses						
Valuation Adjustments	24	-	-	24	110	(86)
	$ 24	-	-	$ 24	$ 110	(86)

(a) Supplementary Estimates were approved on March 14, 2011.

(b) Unexpended amount does not include dedicated revenue lapses of $5,175 in the Labour Market Agreement, Federal Community Development Trust, Appeals Commission for Alberta Workers' Compensation and the Medical Panels for Alberta Workers' Compensation.

SCHEDULE TO THE MINISTRY FINANCIAL STATEMENTS

Salary and Benefits Disclosure – Department

For the Year ended March 31, 2011

Schedule 6(a)

	2011				2010
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
	(in thousands)				
Senior Official					
Deputy Minister[4]	$ 263	$ 2	$ 63	$ 328	$ 327
Executives					
Assistant Deputy Ministers					
Delivery Services[5]	186	74	22	282	230
Immigration	156	11	38	205	202
Workforce Supports	151	2	37	190	189
Workplace Standards	166	2	40	208	205
Strategic Corporate Services	184	2	45	231	230

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments (include overtime if relevant for the particular circumstance). There were no bonuses paid in 2011.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) This position was occupied by two individuals through the year.

SCHEDULE TO THE MINISTRY FINANCIAL STATEMENTS

Salary and Benefits Disclosure - Labour Relations Board
For the Year ended March 31, 2011

Schedule 6(b)

	2011				2010
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total	Total
	(in thousands)				
Senior Official					
Chair [4] [5]	$ 253	$ 2	$ 9	$ 264	$ 261
Executives					
Vice Chair [5]	156	2	3	161	157
Vice Chair [6]	93	2	23	118	120
Vice Chair [6]	78	12	7	97	95
Executive Director [7]	122	28	18	168	172

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments (include overtime if relevant for the particular circumstance). There were no bonuses paid in 2011.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) Salary includes pay in lieu of benefits.

(6) This position was occupied part time in 2011.

(7) This position was occupied by two individuals through the year.

SCHEDULE TO THE MINISTRY FINANCIAL STATEMENTS

Salary and Benefits Disclosure - Workers' Compensation Appeals

For the Year ended March 31, 2011

Schedule 6(c)

	2011				2010
	Base Salary (1)	Other Cash Benefits(2)	Other Non-cash Benefits(3)	Total	Total
	(in thousands)				
Senior Officials					
Chief Appeals Commissioner (4)	$ 200	$ 2	$ 48	$ 250	$ 248
Full Time Commissioners (5)	2,007	130	309	2,446	2,643
Temporary Appeals Commissioners	1,247	-	-	1,247	1,257

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments (include overtime if relevant for the particular circumstance). There were no bonuses paid in 2011.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) Commissioners consist of eighteen full time individuals.

SCHEDULE TO THE MINISTRY FINANCIAL STATEMENTS

Related Party Transactions
Year ended March 31, 2011
(in thousands)

Schedule 7

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses, and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2011	**2010**
Revenues		
Internal Government Transfers	$ 11,987	$ 11,987
Expenses - Directly Incurred		
Other Services	$ 3,192	$ 2,727
Tangible Capital Assets Transferrred In	$ -	$ 184

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not included in the financial statements, but are disclosed in Schedule 8.

	Other Entities	
	2011	**2010**
Expenses - Incurred by Others		
Accommodation	$ 22,859	$ 23,144
Legal Services	754	619
Other Services	5,879	10,810
	$ 29,492	$ 34,573

SCHEDULE TO THE MINISTRY FINANCIAL STATEMENTS

Allocated Costs
Year ended March 31, 2011
(in thousands)

Schedule 8

	2011							2010
		Expenses - Incurred by Others			Valuation Adjustments (5)			
Program	Directly Incurred Expenses	Accommodation Costs	Legal Services	Other Services	Doubtful Accounts	Vacation Pay	Total Expenses	Total Expenses
	(1)	(2)	(3)	(4)	(6)	(7)		
Ministry Support Services	$ 19,546	$ 1,862	$ 390	$ 99	$ 101	$ (113)	$ 21,885	$ 22,905
Employment	977,819	15,938	198	4,986	-	(345)	998,596	1,008,067
Labour Standards and Workplace Safety	39,935	3,015	136	204	-	130	43,420	41,427
Immigration	58,656	1,346	1	299	-	52	60,354	73,356
Health Workforce Development	34,256	-	-	175	-	-	34,431	42,226
Federal Community Development Trust	11,582	-	-	59	-	(24)	11,617	8,045
Labour Relations Board	3,033	233	5	15	-	(2)	3,284	3,289
Workers' Compensation Appeals	8,258	465	24	42	-	311	9,100	8,681
	$ 1,153,085	$ 22,859	$ 754	$ 5,879	$ 101	$ 9	$ 1,182,687	$ 1,207,996

(1) Expenses - directly incurred as per Statements of Operations, excluding valuation adjustments.

(2) Costs shown for Accommodation in Schedule 7 have been allocated based on the average cost per square meter of all Government of Alberta accomodation and allocated to the Ministry based on usage.

(3) Costs shown for Legal Services in Schedule 7 have been allocated based on hours of work performed.

(4) Costs shown for Other Services in Schedule 7 have been allocated based on value of services provided.

(5) Valuation adjustments as per Statements of Operations.

(6) Provision for doubtful accounts have been allocated based on actual provision relating to the program.

(7) Provision for vacation pay has been allocated based on actual liability recorded.

Financial Statements: Workers' Compensation Board

The Workers' Compensation Board – Alberta (WCB) releases its own Annual Report, which can be found at http://www.wcb.ab.ca/public/reports_plans.asp; however, E&I is required to include WCB financial statements as supplemental information. The following information from WCB's 2010 Annual Report is included in this section:

- Management Discussion and Analysis of 2010 Financial Statements and Operating Results
- Balance Sheet
- Statement of Operations
- Statement of Comprehensive Loss
- Statement of Changes in Funded Position
- Statement of Cash Flows
- Notes to the Financial Statements
- Glossary

Management Discussion and Analysis of 2010 Financial Statements and Operating Results

The Management Discussion and Analysis (MD&A) provides management's perspective on key issues that affect current and future performance of the Workers' Compensation Board – Alberta (WCB-Alberta, WCB). The MD&A, prepared as at April 19, 2011, should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2010.

Forward-looking statements

This report contains forward-looking statements about certain matters that are by their nature subject to many risks and uncertainties, which may cause actual results to differ materially from the statements made herein. Forward-looking statements include, but are not limited to, WCB objectives, strategies, targeted and expected financial results; and the outlook for WCB's business and for the Alberta and global economies. Risks and uncertainties include, but are not limited to, changing market, industry and general economic factors or conditions; changes in legislation affecting WCB policies and practices; changes in accounting standards; the ability to retain and recruit qualified personnel; and other risks, known or unknown. Some are predictable or within WCB control; many are not. The reader is hereby cautioned to not place undue reliance on these forward-looking statements.

Unless otherwise indicated, all amounts shown are in millions of Canadian dollars.

Business Overview

Corporate profile

Founded in 1918, WCB-Alberta is a not-for-profit organization with a legislative mandate under the Workers' Compensation Act (the Act) to administer the workers' compensation system for the province of Alberta. While accountable to the Minister of Employment and Immigration, WCB is not a provincial government department or Crown corporation, but is independently funded and operated as an insurance enterprise. Through the payment of premiums, over 139,000 employers fund the system, which covers more than 1.7 million workers.

WCB-Alberta's mandate

In Canada, workers' compensation is a no-fault disability insurance system that protects both employers and workers against the economic impact of work-related injuries and occupational diseases. Based on the Meredith Principles[1], the system covers injured workers for lost employment income and provides health care, rehabilitation and other services required because of a work-related injury, while employers are shielded from litigation. This system brings economic stability to the workplace through collective liability that minimizes the risks and expenses of injury. To achieve these objectives, the Act established the Accident Fund and imposed a statutory obligation on WCB to ensure that it be fully funded.

At the highest and simplest level, WCB is involved in two significant and complementary business activities: customer operations and financial management.

Customer operations provides disability insurance for workplace injuries. Key business processes include assessment and collection of premiums from employers, payment of compensation benefits to injured workers and return-to-work services.

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[1] Refer to the Glossary for an outline of the concepts.

Financial management uses an integrated risk-based approach to managing assets and liabilities, generating an adequate return on invested assets to pay for claim-related obligations. Key business processes include strategic financial planning, rate setting, investment management, claim benefit liability valuation, financial risk management and financial-performance reporting. Strong financial management not only ensures security of benefits for workers and fair premiums for employers, but also provides appropriate tools for evaluating how effectively WCB is meeting its financial obligations.

WCB vision and mission

The core principles set out in WCB's vision and mission shape the corporate beliefs and values that guide the organization's operating philosophy:

Vision

> ***Albertans working—a safe, healthy and strong Alberta***

Mission

> ***WCB-Alberta, working together with our partners, will significantly and measurably reduce the impact of workplace illness and injury on Albertans.***

WCB's strategic vision is to make a positive and lasting impact on the people, society and economy of Alberta through what it does, while the mission statement describes the operating guidelines for how it intends to conduct business.

2010 Financial Performance

OPERATING HIGHLIGHTS

The major themes underscoring WCB-Alberta's financial results for the year centre around the Alberta economy and the global capital markets. WCB's financial position continued to be positively impacted by strong returns in equity and corporate bond prices in 2010. Customer operations continued their commitment to service excellence and delivered outcomes that contributed positively to the operating results for the year. The important themes that underscore the 2010 performance include the following:

- Total revenue of $1,359.1 million offset by total expenses of $1,217.7 million yields an operating surplus of $141.4 million. These operating results contributed to the Funded Position of $1,662.0 million, or 129.4%, which is net of special dividends of $230.1 million payable in 2011. The dividends arise primarily from very strong investment returns.
- Total premium revenue of $1,031.5 million is up 13.5% from $908.5 million in 2009, reflecting an increase in insurable earnings and shift to higher rated industries in 2010.
- Investment revenue is up in 2010 at $326.7 million, compared to $220.0 million in 2009, due to a continued strong recovery in equity markets and higher yields realized on corporate bonds. The continued recovery in capital markets led to a return of 10.2% for WCB's investment portfolio for 2010, down slightly from the 2009 return of 13.8%.
- Total claim costs of $1,093.9 million increased $389.2 million from the previous year due primarily to actuarial adjustments, wage growth and other inflationary costs that increased future liability amounts. Average claim duration increased again slightly in 2010, ending the year at 36.1 days, as there continued to be fewer modified work opportunities and a continued decline of claims receiving benefits. Claim volume of 135,024 is down 3.7% from 2009, slightly larger than the provincial employment decline of 0.4%[2]. Lost-time claim volume, a subset of total claim volume, also saw a related decline of 5.9% during the year. Administration and other expenses of $123.8 million brought total expenses to $1,217.7 million.

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[2] Alberta Employment and Immigration, Labour Force Statistics – December 2010.

The table below summarizes the major contributors to WCB's operating surplus of $141.4 million.

($ millions)	2010 Budget	2010 Actual	2009 Actual
Premiums			
Surplus premium revenue resulting from the actual premium rate collected of $1.31 (2009 – $1.24) being higher than the required premium rate of $1.16 (2009 – $1.16), based on insurable earnings	$ 52.9	**$ 115.0**	$ 55.3
Investments			
Net excess (deficiency) of investment income on the interest requirement of $259.0 million (2009 – $257.9 million) on the claim benefit liability	(14.7)	**67.7**	(37.9)
Claim benefit liabilities			
Gains (losses) due to changes in actuarial methods and assumptions	-	**(176.3)**	96.7
Actuarial gains due to claims experience	83.5	**113.0**	194.9
Other			
Other revenue (expense) items	0.2	**22.0**	(2.2)
Operating surplus	$ 121.9	**$ 141.4**	$ 306.8

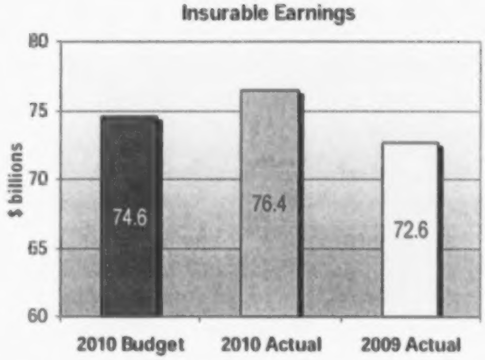
In its simplest terms, the funding model for WCB operates on the premise that in a given year, premiums cover all operating costs on a break-even basis, while investment returns are expected to cover the annual interest requirement on the liability. Operating surpluses or deficits arise when actual costs and returns are different from forecasted expectations, which rely on economic and business assumptions based on available information at a point in time. Given the volatile performance of local and global economies, forecasting is subject to a great deal of uncertainty and risk. Consequently, actual results will likely differ significantly from even the most rigorously developed plans.

Customer Operations

PREMIUMS

Insurable earnings

↗ $1.8 billion (2.4%) over budget



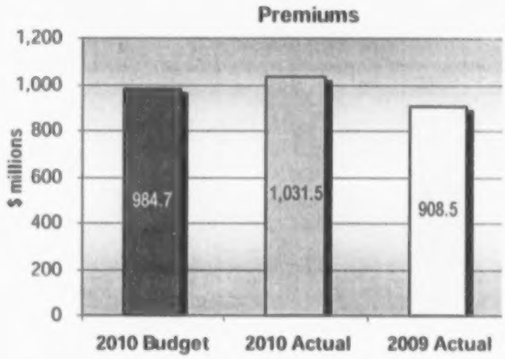
Alberta's economy showed a steady recovery in 2010, which resulted in a better-than-expected increase in payrolls, increasing 2010 insurable earnings to $76.4 billion, 2.4% higher than the budget of $74.6 billion. Insurable earnings were higher in seven out of nine sectors compared to budget, with mining, oil & gas (11.0%) and agriculture & forestry (7.2%) showing the highest increases over budget for the year.

↗ $3.8 billion (5.2%) over prior year

Relatively high wage escalation during the year was tempered by a slight decline in Alberta employment, resulting in an increase of 5.2% in insurable earnings for 2010. Mining, oil & gas and construction sectors experienced the greatest increase over 2009, with 16.6% and 8.0% increases respectively.

Premium revenue

↗ $46.8 million (4.8%) over budget



The 2010 positive variance in premium revenue of $46.8 million was due to an increase in insurable earnings combined with non-rate related premium revenue totalling $32.5 million. Non-rate related premiums include charges to self-insured accounts, interest and penalties and prior year payroll adjustments.

↗ $123.0 million (13.5%) over prior year

The increase in revenue from $908.5 million to $1,031.5 million was due to an increase in insurable earnings in 2010 combined with a shift in insurable earnings into higher-rated industries.

PREMIUM RATES

Total premium revenue requirements for rate-setting purposes are based on projected operating expenses for the year. Base revenue requirements are composed of fully funded costs of claims arising in the current year, administration costs related to those claims, general administration expenses for WCB operations and transfer levies.

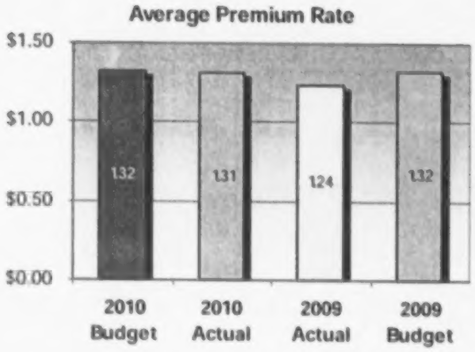
Average premium rate

↘ $0.01 (-0.8%) under budget

The shift of the workforce back to higher-rated industries in 2010 was slightly lower than budgeted. This, combined with a marginal decrease in employment, resulted in an average actual collected rate of $1.31, $0.01 below budget.

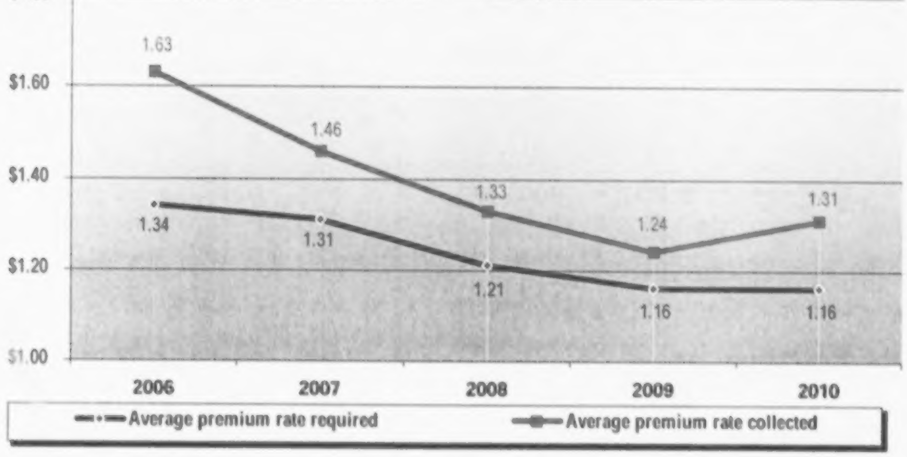
No budgeted change from prior year

The average budgeted premium rate remained constant in 2010 at $1.32. The projected increases in operating costs in 2010 were to be offset by projected increases in insurable earnings over 2009.



The chart presents a five-year trend comparison of required versus collected premium rates. The Funding Policy stipulates that the required rate and resulting revenue cover the current-year fully funded claim costs.

Average Premium Rates
2006–2010
Required versus Collected



The 2010 premium requirement and rate were based on projected fully funded claim costs and insurable earnings using the best information available in early Q4 2009. Better-than-expected cost performance continued to keep the required rate down below the collected rate for fiscal 2010. The surplus from premium revenue offset the unfavourable variance in claim costs, resulting in an increase in operating surplus.

CLAIM COSTS

Claim costs are an estimate of current and future costs arising from compensable injuries occurring in 2010, the future costs to administer these claims and claim benefit liability adjustments relating to prior years' injuries.

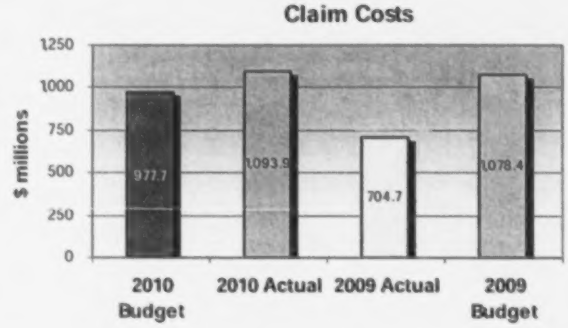
Claim costs

↗ $116.2 million (11.9%) over budget

Costs are higher due to changes in actuarial assumptions to the claim benefit liability. These increased costs were partially offset by lower current-year costs associated with lower claim volume in 2010.

↗ $389.2 million (55.2%) over prior year

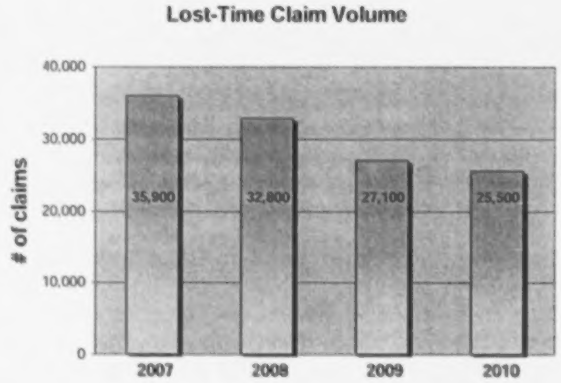
Prior year costs included one-time favourable actuarial adjustments, which significantly lowered overall costs for 2009 compared to 2009 budget. The 2009 adjustments, coupled with higher-than-expected actuarial adjustments in 2010, resulted in an increase in costs compared to 2009.



Claim volume

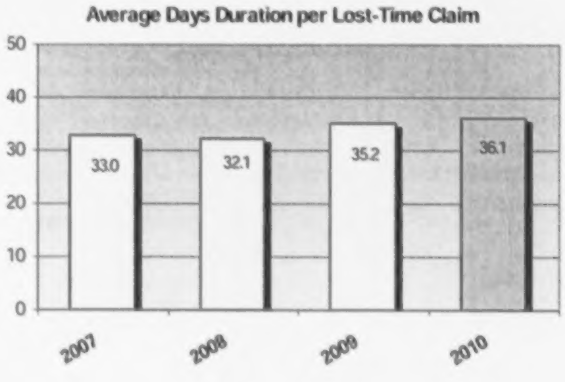
Lost-time claim (LTC) volume fell from 27,100 in 2009 to 25,500 in 2010, a drop of 5.9%.

The LTC projected rate continued to decline to 1.5 claims per 100 workers, a decrease of 4.7%. Similarly, the disabling-injury rate (LTC + modified-work-only cases = disabling injuries) dropped by 1.4%, to 2.7 disabling injuries per 100 workers.



Claim duration

Claim duration (average elapsed time from injury to return to work) increased once again in 2010 to 36.1 days, up from 35.2 days in 2009. This increase is primarily due to fewer modified work opportunities during the year.



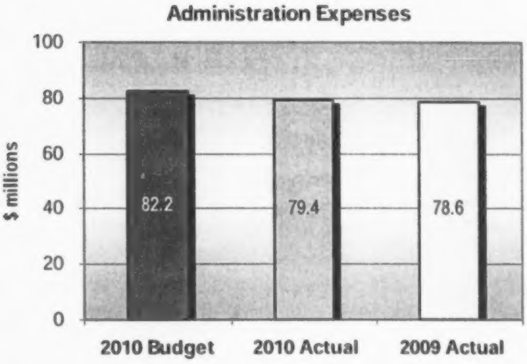
ADMINISTRATION

↘ $2.8 million (3.4%) under budget

Administration came in under budget, due to effective expenditure management.

↗ $0.8 million (1.0%) higher than prior year

The increase over 2009 reflects inflationary impacts offset by lower facility costs in 2010. Administration expenses exclude claim-related administration costs (2010 – $86.3 million, 2009 – $83.3 million) that are included in claim costs.



Financial Management

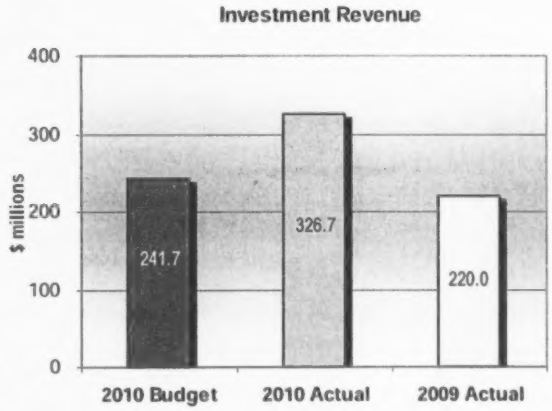
INVESTMENTS

Investment revenue

↗ $85.0 million (35.2%) over budget

↗ $106.7 million (48.5%) over prior year

The primary contributor to the 2010 budget variance and increase from 2009 was the impact of a continued strong recovery in equity markets and increased income from bond investments, specifically corporate bonds which earned yields that were higher than budget.



Investment returns played a key role in WCB's 2010 financial results. The following discussion provides an overview of the economic and market forces that had a direct impact on WCB's investment portfolio and returns.

Capital markets overview

2010 was another year of uncertainty and large swings in capital market performance and sentiment. The year started out strongly, but then reversed in the second quarter due to concerns over government deficits and total debt levels in several European countries. Then in mid-August, the U.S. Federal Reserve it was announced that they were intending to launch another program of direct U.S. bond purchases. This monetary policy action became widely known as QE2. The purpose was to keep interest rates low and raise asset prices for both bonds and equities. From that perspective, it was successful; bond and equity prices rose sharply from the announcement date through to the end of the year.

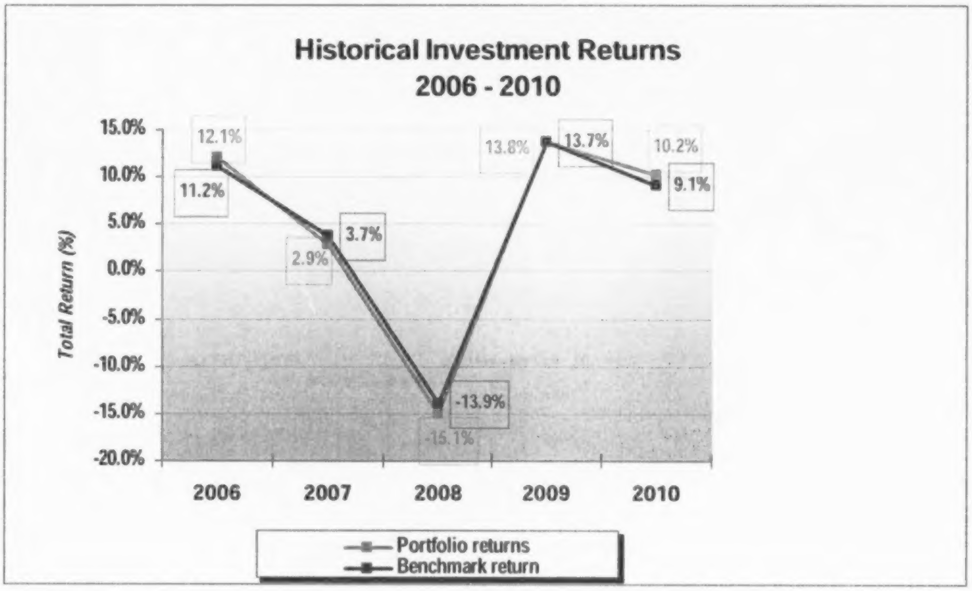
Portfolio performance

Market returns

The portfolio earned a nominal market rate of return of 10.2% for 2010 (1.1% above the policy benchmark) and 2.3% for the four-year period ended December 31, 2010 (0.3% below the policy benchmark). The primary goal of the investment portfolio is to earn a real rate of return (nominal rate less inflation) that meets or exceeds the actuarial required real rate of return. On this basis, the real rate of return for 2010 of 9.2% (nominal rate of 10.2% less inflation of 1.0%) was well above the actuarial required rate of 3.0%. The four-year annualized return of 2.3% was earned over a period of very high volatility in capital markets.

Benchmark returns

The benchmark return is composed of benchmark index returns for each asset class, weighted by the policy asset mix. Performance versus the benchmark is a relative measure of success in implementing the investment program through active management.



For further information on WCB's investments and Investment Policy, the *2010 Annual Investment Report* can be found online at www.wcb.ab.ca.

CLAIM BENEFIT LIABILITIES

At the end of each fiscal year, WCB determines its claim benefit liabilities for all injuries that have taken place up to that date. These liabilities represent the actuarial present value of all future benefit and related administration costs, excluding costs attributable to self-insured employers. As at December 31, 2010, claim benefit liabilities had aggregated to $5,278.9 million, an increase of $371.9 million over 2009.

Significant changes in liabilities

The overall $371.9 million increase in claim benefit liabilities is attributable to the following:

($ millions)		
Provision for future costs of current-year injuries	$	556.8
Interest requirement on the liability		259.0
Benefit payments for prior years' injuries		(507.2)
Firefighters' Primary Site Cancer Regulation changes		12.1
Changes in actuarial methods and assumptions		164.2
Claims experience gains		(113.0)
	$	371.9

Actuarial methods and assumptions

The following changes in the actuarial methods and assumptions increased claim benefit liabilities by $164.2 million:

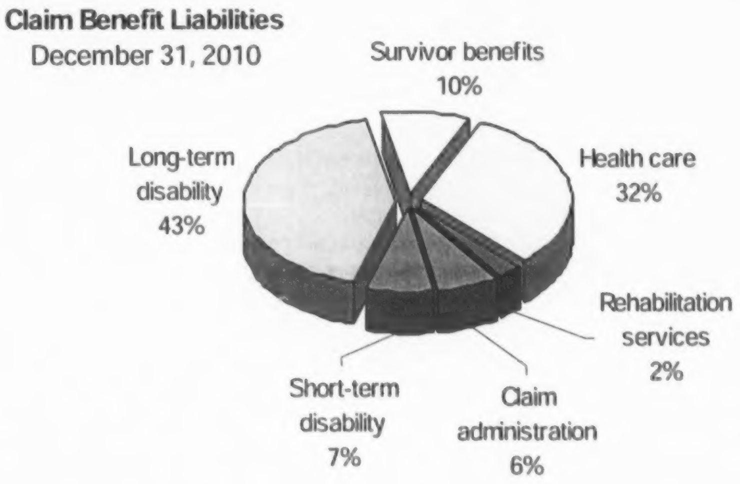
The real rate of return assumption was revised to reflect lower expected bond returns in the short term resulting in a 2-stage assumption of 2% over the period from 2011 to 2014 and 3% thereafter ($153.2 million increase).

Updates were made to other benefit category assumptions ($11.0 million increase).

Impact of claims experience

Differences between actual experience and what was expected in the prior valuation result in experience losses (which increase the liability) or gains (which decrease the liability). The impact of actual claims experience resulted in an overall gain of $113.0 million that includes the following areas:

($ millions)		
Actual cost-of-living and inflation different than expected	$	40.1
Actual claim costs lower than expected		26.6
Other experience gains		46.3
	$	113.0



Sensitivity of actuarial assumptions

Claim benefit liabilities are estimated using economic, demographic and other actuarial assumptions. Because of the large values involved, the liability estimates are highly sensitive to even small changes in these actuarial assumptions.

Details of the changes in claim benefit liabilities for 2010, as well as further discussion of the sensitivity of the liabilities to the changes in assumptions, can be found in Note 12, Claim Benefit Liabilities, in the accompanying financial statements and notes.

FUNDING POLICY

The Funding Policy is the primary instrument through which WCB manages its capital or fund structure and provides direction for setting premium rates and optimum funding level. The Funding Policy can evolve—through rigorous management review, stakeholder consultation and Board of Directors approval—to address changing economic and financial circumstances. Details of the Funding Policy may be found under WCB Information in the Policy and Legislation section of WCB's website at www.wcb.ab.ca.

Funding principles and objectives

The strategic aim of funding and investment policies is to strive for balance between financial risk (i.e., volatility), investment returns and funding stability. Specifically, the Funding Policy embodies these financial objectives:

- Minimize the risk of becoming unfunded.
- Minimize cost volatility to employers.
- Charge premiums that reflect the cost of current-year claims.

The funding mechanisms that evolve from these objectives address those risks that may affect the financial stability of WCB—primarily investment volatility. Funding Policy rules are in place to minimize these risks, with ongoing monitoring and evaluation to ensure they continue to respond effectively to changing economic conditions.

Funding rules

The rules guiding financial decisions under the Funding Policy include the following:

- Premium-rate design based on current-year fully funded claim costs (i.e., full cost recovery with no rate subsidization or smoothing)
- Minimum premium cost to employers set at 60% of industry-rated premiums
- Multiple target ranges to guide funding decisions and accommodate volatility
- Surplus distribution dividend or fund replenishment levy used as funding adjustment mechanisms

These rules help achieve equity and consistency in the attribution of costs among employers and ensure intergenerational equity by requiring current employers to cover the cost of current-year injuries.

Funding allocations

The Accident Fund represents all WCB assets available to discharge its legislative mandate. The allocation of assets to each of WCB's fiduciary obligations is expressed as a percentage of total liabilities as at the reporting date:

- Fully funded status is achieved when assets are sufficient for payment of all current and future compensation and related administration costs (target level: 100%).
- Assets are retained in the Fund Balance to lessen the risk of becoming unfunded and in the Occupational Disease Reserve (ODR) to provide for significant unforeseen costs related to latent occupational injury or disease.

The Accident Fund is considered fully funded when it is within the Funded Ratio target range of 114% to 128%. Surplus assets exceeding the 128% funding level are available for distribution to employers as a special dividend, whereas replenishment levies would be required if assets fall below 114%.

Funded Position

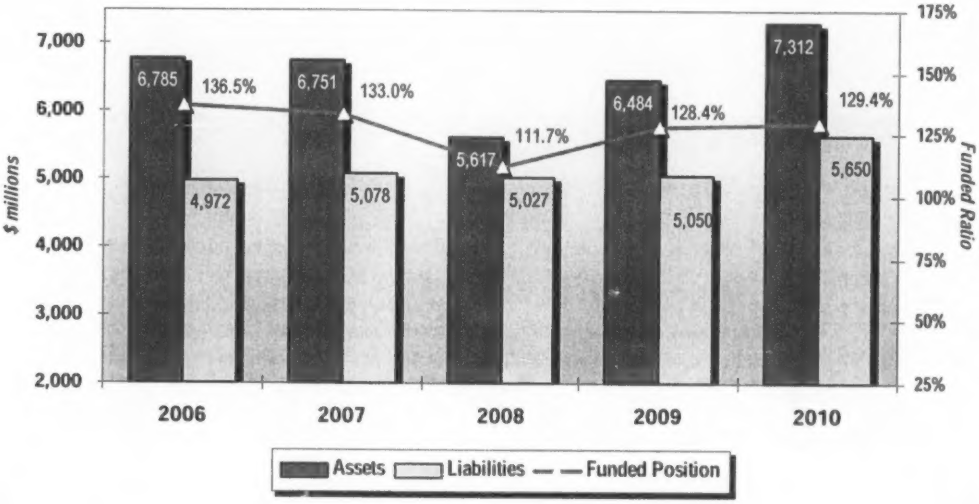
The table presents the major changes in Funded Position and the ending balance as at December 31, 2010:

($ millions)	Opening	2010 Change	Ending
Accumulated operating surplus for the year	$ 810.6	$ **141.4**	$ **952.0**
Special dividends	-	**(230.2)**	**(230.2)**
Occupational Disease Reserve maintenance funding		**(22.3)**	**(22.3)**
Accumulated operating surplus	810.6	**(111.1)**	**699.5**
Net unrealized gains on investments	328.2	**317.6**	**645.8**
Fund Balance	1,138.8	**206.5**	**1,345.3**
Occupational Disease Reserve	294.4	**22.3**	**316.7**
Funded Position	$ 1,433.2	$ **228.8**	$ **1,662.0**

As at December 31, 2010, the Funded Ratio (total assets to total liabilities) was 129.4%, compared to 128.4% at the end of 2009. Viewed from another perspective, WCB has total assets of $7.3 billion to cover its total estimated liabilities of $5.6 billion. This increase in Funded Ratio is the result of positive investment returns in 2010. As a result of the strong returns, WCB-Alberta will be paying a special dividend in 2011 to return a portion of excess funding to employers.

The chart below presents the Funded Position from 2006 through 2010.

Funded Position 2006-2010



Risk Management

Oversight

Under WCB's corporate governance structure, the Board of Directors is responsible for overall risk management. The executive team, which has a mandate to identify and manage enterprise-level risk, is assisted by the Risk Management Committee, composed of a group of senior managers with responsibility for risk identification, assessment and mitigation at the operating level.

Risk Assessment

WCB has three primary processes for managing risk in the corporation. First, risk management is embedded as an inherent function of day-to-day business. Major projects and changes to business processes must go through a documented risk analysis to assess risk and identify mitigation plans and controls to lessen the likelihood or impact of these risks. The second process is to complete a systematic and comprehensive risk assessment of emerging corporate risks as they develop throughout the year. Finally, WCB also completes an annual corporate risk assessment that engages departmental management teams and senior managers to develop a comprehensive organizational risk register. The executive team prioritizes those risks with the highest potential residual impact to WCB and selects a number for comprehensive risk assessment and mitigation.

Significant Risks

WCB has identified the following risk exposures that could have significant impact on the organization and its operations.

Benefit cost risk

Many of WCB's claim-related benefits are subject to external factors that have potentially significant impacts on the amount and duration of related benefit costs. These risks and uncertainties are driven largely by economic conditions such as health care inflation and utilization, and wage growth; however, other factors may arise through administrative precedents established through the appeals process, legislative changes or from new medical findings for occupational disease, among others. All these factors add significant uncertainty to WCB's cost structure and may impose, over time, significant pressures on the funding model.

Fraud-related risk

Every year, WCB collects approximately one billion dollars in premium revenue and distributes or reserves a similar amount for claim benefits and administrative costs. The magnitude of these costs and the number of individuals and companies involved in these processes—approximately 139,000 employers, 200,000 claimants and thousands of service providers—creates inherent risk for fraud. WCB employs an extensive audit program to monitor the organization's ability to protect against fraud and implements additional controls, as required, to strengthen WCB's management of fraud risk.

Funding risk

Managing the components of WCB's overall Funded Position (Fund Balance and ODR) is a complex process that involves forecasting, liability projection, investment management and operational performance. Although these processes are within management's influence or control, many of the assumptions used in forecasting involve significant uncertainty regarding the future. Asset-liability management continues to be enhanced to provide better systems, tools, processes and information to enhance forecasting, financial-planning and decision-making processes within WCB.

Investment risk

In its investment portfolio, WCB is exposed to financial risk, which includes market and credit risk, among others. Market risk is the risk that the fair value of investments and/or associated cash flows may change because of changing general economic conditions or factors specific to individual securities. Credit risk is the potential of a debt issuer or counterparty in a financial contract to default on its obligation to WCB. Details of financial risks related to investments are discussed in Note 7, Investment Risk Management, in the accompanying financial statements and notes.

Premium risk

WCB has exposure to premium risk, which is the risk that premiums set for the coming fiscal period will not be sufficient to cover the operating costs in that year. These risks and uncertainties are largely driven by provincial economic conditions such as employment growth and wage escalation. To manage premium-pricing risk, WCB has instituted a comprehensive forecasting program that leverages widely accepted economic-forecasting sources such as the Conference Board of Canada.

Technology risk

To support its core business processes, WCB uses a number of information systems for processing transactions and maintaining claimant and employer information. If these systems were to fail or be compromised, significant disruption to business processes and customer service could result. To mitigate technology risk, WCB maintains a business continuity plan, system controls and backup systems to prevent processing failures and provides extensive training to develop internal system expertise.

Implications of Accounting Policies and Estimates

The adoption of accounting policies in accordance with Canadian generally accepted accounting principles (GAAP) requires that management make judgments, assumptions and estimates that could significantly affect the results of operations and WCB's financial condition. The following discusses those significant accounting policies that entail significant use of judgments and estimates that may have a material effect on current and future financial statements.

Premiums

In advance of the fiscal year, and based on Funding Policy and projections in the 2010 Budget and 2010–2012 Financial Plan, WCB estimates the total premium amount necessary to cover estimated claims costs, transfer levies, administration expenses and funding requirements. Because premium rates are set well in advance of revenue being realized, they reflect WCB's expectations of future macroeconomic and business conditions that will likely change before and during the fiscal period. Consequently, the premiums collected may be more or less than estimated funding requirements, and the difference could be significant in periods of economic volatility or uncertainty.

Investments

Investment assets are financial instruments designated as available-for-sale securities, whose primary purpose is to maintain capital and generate investment income over the long term. Because WCB accounts for investments at fair value, which reflects realizable market value, this accounting policy could lead to significant volatility in the balance sheet during periods of capital market turbulence. Any funding ratios based on asset values would therefore be volatile as well. Details of the investment assets and inherent risk associated with holding such investments can be found in Note 6, Investments, and in Note 7, Investment Risk Management, in the accompanying financial statements and notes.

Derivatives

The fair value of a derivative contract is its change in value with respect to the change in the underlying security or reference index to which the contract is linked. Gains and losses on derivative contracts are recognized in income in the periods in which they arise. Since the fair value of a derivative is exposed to market changes, the underlying derivative positions could be volatile as well.

Asset capitalization and amortization

The acquisition or development costs of long-lived assets are amortized over their useful lives. Selection of applicable costs to capitalize as well as an estimate of the useful life of an asset and its residual value requires application of professional judgment within the context of corporate policy and industry practice. Furthermore, future periods will be affected by the estimate of useful life and choice of amortization pattern, which determine the timing and amount of expense recognized in each of those future periods.

Asset impairment

Accounting standards prescribe a test for impairment, at least annually, whenever there is objective evidence that the current carrying value of an asset may not be recoverable. Although accounting standards provide broad guidance on when and how impairment losses should be recognized and measured, the interpretation and assessment of impairment remains a matter of professional judgment. For investment assets, management judgment comes into play in assessing the extent and severity of the decline, the risk profile and prospects of the issuer, and WCB's ability and intent to hold a particular security until anticipated recovery.

Impairment testing of non-financial assets such as property, plant and equipment and intangible assets also involves judgment in establishing the test parameters and evaluating the available evidence to support a finding of impairment. Considering market or other demand factors, future business objectives affecting expected utilization of the asset, and other relevant and objective evidence, management concludes on the likelihood of recoverability over the remaining useful life.

Valuation of claim benefit liabilities

WCB has significant obligations extending well into the future for compensation benefits to injured workers. WCB applies the actuarial present-value methodology for its claim benefit liabilities. The actuarial process projects benefit cost streams into the future and discounts them to present value using a discount rate linked to the return on investment assets funding those liabilities. Measurement uncertainty is high because assumptions regarding the amount, timing and duration of the benefit commitments and future return on assets are difficult to predict accurately and are influenced by external factors outside management's control. Consequently, the selection of one assumption over another in estimating claim benefit liabilities could have a material impact on the liability valuation.

Governance and Compliance

Legislative authority

Under the authority of the *Workers' Compensation Act*, WCB is a provincial board-governed organization that operates independently while reporting to the Alberta Minister of Employment and Immigration (the Minister).

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (ICOFR) to provide reasonable assurance regarding the reliability of the entity's financial reporting and the preparation of its financial statements in accordance with GAAP. WCB has developed a framework and plan for the overall ICOFR program. The framework is based on best practices under the COSO[3] and COBIT[4] frameworks. The ICOFR program is assisted by WCB's Management Audit Services group and is reviewed by the Office of the Auditor General during the annual financial audit. The plan is updated annually to include a review of previously completed control assessments, and the completion of new control assessments, taking into account both risk and materiality.

Accountability Framework reporting

Through consultation with the Minister and stakeholders, the Accountability Framework was approved in 2002 to provide Albertans with a set of supplementary measures that compare actual WCB results to established standards and/or industry benchmarks. These measures cover such areas of WCB operations as communications with stakeholders; client satisfaction; consistency, clarity and fairness of claim decisions; timeliness and effectiveness of WCB services; and financial capability and effectiveness of injury prevention programs. The Auditor General reviews the reported measures for reliability, understandability, comparability and completeness. The *2010 Accountability Framework Supplementary Measures Report can be viewed at www.wcb.ab.ca.*

Business planning

An important aspect of the financial planning and budgeting is its linkage to WCB's strategic plan and the resulting corporate objectives developed each year in support of the strategic plan. These objectives and the related performance indicators set the direction for the organization and identify the significant areas of focus for the coming year. The *2010 Budget and 2010–2012 Financial Plan* establishes the foundation for appropriate resource allocation for achieving the corporate objectives. A copy of the plan can be viewed at www.wcb.ab.ca.

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[3] Committee of Sponsoring Organizations of the Treadway Commission, which developed a governance framework for internal control.

[4] Control Objectives for Information and Related Technology, a collection of best practices for IT governance, control and assurance.

Emerging Issues

Adoption of International Financial Reporting Standards

Effective January 1, 2011, publicly accountable enterprises in Canada must prepare their financial statements in accordance with International Financial Reporting Standards (IFRS). As a publicly accountable enterprise, WCB falls within the scope of entities required to adopt IFRS. To prepare for this transition, WCB established a convergence program, launched several supporting projects to address the more significant accounting and business processes and engaged an independent external advisor to validate the deliverables. Major changes to accounting policies, processes and systems were completed during 2010 in order to begin compiling comparative IFRS results effective January 1, 2010.

IFRS status as at December 31, 2010

As at December 31, 2010, IFRS implementation plan is substantially complete. All known significant accounting policies have been drafted, while some policy development remains contingent on anticipated changes to certain standards likely to become effective during or after the transition period. Systems and process changes have been tested and fine-tuned, and no outstanding issues remain.

Having completed its evaluation of the significant IFRS elections applicable to WCB's financial results, WCB has identified the exemptions that it will apply in its first IFRS financial statements. These may change should new IFRS standards or amendments become effective for fiscal 2011. The table on the following page presents the key IFRS policy elections as at the reporting date along with their expected impacts.

Applicable Transitional and Post-Transition IFRS Elections

Significant IFRS Areas	Policy Change	Accounting Policy / Elections	Preliminary Election and Related Impact
Property, plant and equipment (PPE)	No	For opening valuation of PPE: Fair value as deemed cost Reconstructed historical cost (adjusted to IFRS basis) For post-transition accounting: Revaluation method (fair value basis) Cost method	Reconstructed historical cost ***Impact:*** minimal; current policy is substantially converged with IFRS Cost method ***Impact:*** minimal; current policy is substantially converged with IFRS
Investments	Yes	Financial instruments: IAS 39: Reclassify at fair value through profit and loss (FVTPL) Maintain available-for-sale designation IFRS 9 (effective Jan 1, 2013) Reclassify at fair value through profit and loss (FVTPL)	Early adopt IFRS 9—reclassify investments at FVTPL ***Impact:*** significant; recognize fair value changes in statement of comprehensive income; presentation changes (elimination of AOCI) in statement of financial position
Leases	Yes	None available; IAS 17 prescribes a principles-based approach to classifying a lease as either finance or operating	No election ***Impact:*** minimal; more leases are expected to be classified as finance—amounts are not significant
Employee benefits	Yes	For first-time adoption: Recognize all cumulative actuarial gains and losses from plan inception to the date of transition Reconstruct recognized and unrecognized amounts of cumulative gains and losses For post-transition accounting: Recognize immediately through income Corridor method	Recognize all cumulative actuarial gains and losses at the date of transition ***Impact:*** minimal; amounts are immaterial Recognize immediately through income ***Impact:*** minimal; amounts are immaterial
Insurance contracts	No	Optional inclusion in the first IFRS financial statements of prescribed comparative disclosures	Elect comparative disclosure exemption ***Impact:*** none; disclosure only
Financial statement presentation	Yes	Free choice of presentation, subject to prescribed requirements of IFRS Format used in the first IFRS financial statements becomes the standing accounting policy for subsequent statement presentation	Content and format of the statement of comprehensive income and statement of cash flow will align with the proposed requirements of the new standard ***Impact:*** none; presentation and disclosure only

Other impacts arising from IFRS adoption

Adoption of IFRS will affect how WCB presents its financial results, as well as how certain accounting estimates are recognized and measured. The most significant impact will be to investments as all fair value gains and losses will be recognized through investment income as they arise (i.e., will no longer be deferred through other comprehensive income). Remaining impacts are not expected to be significant. Financial reporting and financial planning systems have been updated to address IFRS reporting. The adoption of IFRS, with its focus on principles rather than bright-line rules, will therefore introduce new financial reporting risks related to the following:

- Processes where application of management judgment is required to interpret and apply the standards
- Processes where new measurement techniques and relevant input assumptions and methods are prescribed for critical accounting estimates

Revisions to controls design will be implemented to address those risks, including development of extensive supporting documentation, not only of the reported numbers, but also of the information sources and the judgment or rationale behind key assumptions and choices.

In its project work plan, the standard setter for IFRS has a number of key accounting standards, the majority of which are slated for release in the next several years. Many of these are either new standards or major redrafting of existing standards that may have significant implications for WCB results.

Next steps

WCB has commenced reporting under IFRS effective January 1, 2011. Focus in 2011 will be on the preparation of 2010 IFRS comparative financial statements, together with the required disclosures and reconciliations to 2010 GAAP results. 2011 financial statements will reflect accounting policies in accordance with IFRS standards that will be effective at December 31, 2011. WCB will continue to monitor future IFRS changes to ensure impacts are understood and implemented as required in order to ensure high-quality financial reporting under IFRS.

Looking Ahead

Looking forward to 2011, WCB will be challenged to manage its business in light of Alberta's economic recovery. WCB's business priorities are to build on operational and financial strategies that have contributed to its organizational success. Management will closely monitor economic and operating trends to develop proactive and measured responses to emerging business issues.

Economic outlook

As is the rest of Canada, Alberta is moving toward economic recovery. In 2010, Alberta's economic growth was stronger than anticipated, reaching an estimated Gross Domestic Product (GDP) growth of 3.5%.[5] Economists are now viewing 2011 with renewed optimism based on the anticipated strong growth in the energy sector. Since falling to US$42 US a barrel in December of 2008, WTI[6] oil prices continued to rise throughout 2010 and have fluctuated around US$100 a barrel in early 2011.[7] Higher oil prices have led to greater intended business investments[8] and growing oil exports, which will translate to more employment opportunities in the province. Both manufacturing and transportation will benefit from increased oil production; however, overall growth in the energy industry will be tapered by weak natural gas prices and production. Despite the anticipated growth in Alberta, it will not necessarily translate to an increase in demand for new housing, given a continued inventory of pre-owned homes still available. Economists are predicting employment growth of up to 2.2% in the province, which translates to about 44,000 jobs in 2011.[9] Due to these factors, WCB is forecasting continued growth in insurable earnings for 2011.

After posting a 1.3% increase in 2009, average weekly earnings rose by 4.6% in 2010. The increase in average weekly earnings is due to the rise in the number of hours worked rather than actual increases in hourly wages. This is supported in a further report conducted by the Government of Alberta, which reported that the average negotiated wage increase from January through October of 2010 was 1.6% in Alberta, the lowest since the mid-1990s.[10] Alberta workers received lower growth in wage settlements than the Canadian average of 2.0% in the first three quarters of 2010. Moving ahead, it is anticipated that wage growth in the public sector will remain relatively flat in 2011 as both the federal and provincial governments exercise fiscal constraint. Wage growth is expected in other sectors, especially in oil and gas. WCB is forecasting wage growth at 2.0% for 2011.

In 2011, the Conference Board of Canada foresees a steady and positive progression for the U.S. and world economies.[11] Despite improvements in consumer spending, businesses in the U.S. appear to be reluctant to hire. Without stronger job gains, growth in the U.S. will remain sluggish and slow down Canada's, as well as Alberta's, economic growth.

Capital market outlook

The capital market outlook continues to be very uncertain heading into 2011. An economic recovery appears to be unfolding in North America while strong growth and inflation in emerging markets is forcing policy actions to slow down those economies. Conflict in the Middle East and the associated impact on energy prices will affect the economic recovery, and the impact of the expected end to the U.S. Federal Reserve's bond purchase program, in June, is difficult to accurately forecast.

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[5] Government of Alberta (2011) Budget 2011. Economic Outlook.

[6] West Texas Intermediate Crude

[7] Government of Alberta (February 2011). Monthly Economic Review.

[8] Statistics Canada Survey of Businesses (February 2011).

[9] Conference Board of Canada (Winter 2011). Provincial Outlook Executive Summary.

[10] Government of Alberta (December 14, 2010). Economic Spotlight – Alberta Wage Update.

[11] Conference Board of Canada (Winter 2011). Canadian Outlook Executive Summary.

Equity markets were very strong in 2010, and at current levels valuations are fully pricing in continued strong growth in corporate earnings. This suggests returns may be much more modest in 2011. Bond yields are near historic low levels, which will translate into very modest returns from bond investments over the next three to five years.

In the longer term, the key issue for markets and for investors like WCB, which have inflation-sensitive liabilities to pay, is the probability of periods of high inflation. The stimulus amount, both monetary and fiscal, that has been and continues to be injected into the financial system and the global economy, may lead to a period of higher-than-expected inflation. This issue is probably still a few years away, as there is currently too much slack in labour markets (high unemployment and underemployment) and low levels of capacity utilization for inflation to be a near-term concern.

Forecasting short-term market performance is difficult at best. Studies show that investors typically cause themselves more harm than good by trying to time short-term capital market movements. WCB is a long-term investor with a strong financial position. This allows for patience and the ability to stay committed to proven investment principles and beliefs.

The total portfolio return for 2011 has been set at 5.6% for planning purposes; however, continued market volatility suggests the actual returns for 2011 may be significantly different from the planning assumptions.

Business outlook

Customer operations

On the customer operations front, our strategic plan continues to keep us anchored on the fundamentals of our business: return to work.

In 2011, we continue our focus on return to work through improved shoulder injury rehabilitation methods, suitable modified work and return to work with alternate employers wherever pre-injury employers no longer have jobs available. The right modified work opportunities have helped injured workers take advantage of on-the-job rehabilitation while giving employers the chance to support and keep their valued employees.

For 2011, modified-work-only claims are expected to increase as the economy recovers. Average claim duration, the time workers receive temporary disability benefits, is projected to remain near 36 average days for 2011.

Together with our stakeholders, we continue to be successful in injury management, having reached the lowest lost-time-claim rate per 100 covered workers in our history; however, this positive trend is likely levelling off.

Financial management

Financial management is based on an investment policy derived from asset-liability studies that consider the year-by-year liabilities of the fund together with the probabilities of associated stock, bond and real estate returns. This results in an allocation to stocks, bonds and other assets that changes moderately from year to year and generally performs well notwithstanding some volatility from year to year.

The Investment Policy's long-term direction is toward more inflation-sensitive assets, which will lower volatility further, yet provide a level of return over the long run, which will contribute to the continued financial strength of the fund.

2011 premium rate

In 2011, the average premium rate will decrease to $1.22 per $100.00 of insurable earnings. In addition, insurable earnings are forecasted to grow at a faster pace in 2011 as Alberta's economy continues to improve.

With all Workers' Compensation Boards in Canada having announced their premium rates for 2011, WCB-Alberta continues to have the lowest average rate. Alberta's premium rates have been among the lowest in Canada throughout the past decade.

Outlook for financial condition

At the end of 2010, WCB's funded ratio was 129.4% (assets over liabilities). Given economic uncertainty and the volatility of investment returns, it is difficult to determine the likelihood that our funded position at year-end 2011 will be above the threshold to produce a dividend that would be paid in 2012.

Facing the future

2010 presented return-to-work challenges for clients as work opportunities were tougher to find and secure. In response, clients and WCB staff were more proactive in their modified work conversations, and this focus should continue into 2011. Looking forward, we also expect to:

- Work within a more robust economy, helping injured workers find suitable and safe return-to-work solutions;
- Maintain our focus on effective financial management strategies to manage a balanced fund that protects the security of worker benefits; and
- Work with Alberta's employers on developing effective disability management programs and on fostering accountability through pricing programs.

Overall, 2011 looks positive as we work with our partners to leverage an improving economy for the benefit of the workers' compensation system.

Responsibility for Financial Reporting

The financial statements of the Workers' Compensation Board – Alberta were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The effectiveness of controls over financial reporting was assessed and found to provide reasonable assurance that internal controls at December 31, 2010 operated effectively with no material weaknesses in the design or operation of the controls.

The Board of Directors is responsible for overseeing management in the performance of financial reporting responsibilities and has approved the financial statements included in the annual report.

The Board of Directors is assisted in its responsibilities by its Audit Committee. This committee reviews and recommends approval of the financial statements and meets periodically with management, internal and external auditors, and actuaries concerning internal controls and all other matters relating to financial reporting.

Eckler Ltd. has been appointed as the independent consulting actuary to the WCB. Their role is to complete an independent actuarial valuation of the claim benefit liabilities included in the financial statements of the WCB and to report thereon in accordance with generally accepted actuarial practice.

The Office of the Auditor General, the independent auditor of the WCB, has performed an independent audit of the financial statements of the WCB in accordance with Canadian generally accepted auditing standards. The Independent Auditor's Report outlines the scope of this independent audit and the opinion expressed.

Original signed by

David B. Carpenter, FCA
Chair, Board of Directors
Workers' Compensation Board – Alberta

Guy R. Kerr
President & Chief Executive Officer
Workers' Compensation Board – Alberta

Ron J. Helmhold, CA
Chief Financial Officer
Workers' Compensation Board – Alberta

Independent Auditor's Report

AUDITOR GENERAL
Alberta

To the Board of Directors of the Workers' Compensation Board – Alberta

Report on the Financial Statements

I have audited the accompanying financial statements of the Workers' Compensation Board – Alberta, which comprise the balance sheets as at December 31, 2010 and 2009, and the statements of operations, comprehensive income, changes in funded position, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Workers' Compensation Board – Alberta as at December 31, 2010 and 2009, and the results of its operations, changes in funded position, and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Merwan N. Saher, CA]

Auditor General
April 26, 2011
Edmonton,
Alberta

Eckler
CONSULTANTS + ACTUARIES

Actuarial Statement of Opinion

on the Valuation of the Benefits Liabilities of the Workers' Compensation Board – Alberta as at December 31, 2010

I have completed the actuarial valuation of the benefits liabilities of the Workers' Compensation Board – Alberta (WCB) for the financial statements of the WCB as at December 31, 2010. In my opinion, the actuarial liabilities of $5,278.9 million make reasonable provision for future payments for short term disability, vocational rehabilitation, long term disability, survivor and health care benefits, as well as claims administration costs, on account of claims that occurred on or before December 31, 2010; it does not include a provision for future claims arising from latent occupational disease or for benefits and payments that are on a self-insured basis.

The valuation was based on the provisions of the *Workers' Compensation Act* of Alberta and on the WCB's policies and administrative practices in effect at the time of the valuation. The impact of the recent change in regulation and administrative practices for Firefighters' Primary Site Cancer has been considered.

The data on which the valuation is based were provided by the WCB; I applied such checks of reasonableness of the data as I considered appropriate, and have concluded that the data are sufficiently reliable to permit a realistic valuation of the liabilities and that the data are consistent with WCB's financial statements. The liabilities included herein have been computed by the WCB in accordance with methods and assumptions approved by me; I have made such tests of the calculations that I considered necessary.

The economic assumptions adopted for purposes of computing the liabilities are consistent with the WCB's funding and investment policies. For this valuation, an annual real rate of return of 2.00% for 2011 to 2014 and 3% thereafter was used to discount expected payments subject to inflation, a change from the 3.00% flat rate in the previous valuation. Other economic assumptions underlying the calculations are annual changes in the Consumer Price Index (CPI) of 2.50%, increase for benefits subject to cost of living adjustments at CPI minus 0.50%, as well as health care costs and vocational rehabilitation benefits assumed to grow at annual rates of 6.00% and 3.50% respectively; these rates are the same as those used in the previous valuation.

The methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. Projections of future claim payments and awards have been made using factors developed from the WCB's claims experience, mortality and other assumptions. The main change made to the actuarial basis was the real rate of return assumption. All the changes in methodologies and assumptions have resulted in an overall increase of $164.2 million in liabilities.

Details of the data, actuarial assumptions, valuation methods and analysis of results are set out in my actuarial report as at December 31, 2010, of which this statement of opinion forms part.

In my opinion, the data on which the valuation is based are sufficient and reliable and the assumptions and methods employed are appropriate for the purpose of the valuation. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.

Original signed by

Richard Larouche, FSA, FCIA

Actuary
Eckler Ltd.
March 11, 2011

The Workers' Compensation Board – Alberta

Balance Sheets

As at December 31

($ thousands)

	Notes	2010	2009
ASSETS			
Cash and cash equivalents	4	$ **362,105**	$ 100,722
Receivables	5	**34,589**	6,349
Investments	6, 7	**6,851,029**	6,315,424
Property, plant and equipment	8	**40,867**	34,591
Intangible assets	9	**23,225**	26,561
		$ **7,311,815**	$ 6,483,647
LIABILITIES			
Payables and accruals	10	$ **140,758**	$ 142,954
Dividends payable	11	**230,128**	500
Claim benefit liabilities	12	**5,278,900**	4,907,000
		5,649,786	5,050,454
FUNDED POSITION	3		
Fund Balance		**1,345,329**	1,138,793
Occupational Disease Reserve		**316,700**	294,400
		1,662,029	1,433,193
		$ **7,311,815**	$ 6,483,647
RELATED-PARTY TRANSACTIONS	21		
COMMITMENTS	22		
CONTINGENCIES AND INDEMNIFICATION	23		

Approved by the Board of Directors:

David B. Carpenter, FCA
Chair, Board of Directors
Workers' Compensation Board – Alberta

Guy R. Kerr
President and Chief Executive Officer
Workers' Compensation Board – Alberta

The accompanying notes are an integral part of these financial statements.

The Workers' Compensation Board – Alberta

Statements of Operations

Year ended December 31

($ thousands)

	Notes	2010		2009
		Budget	**Actual**	Actual
REVENUE				
Premium	14	**$ 984,657**	**$ 1,031,541**	$ 908,456
Investment	15	**241,690**	**326,726**	219,996
Other	16	**200**	**870**	1,273
		1,226,547	**1,359,137**	1,129,725
EXPENSES				
Claim costs	12	**977,743**	**1,093,879**	704,728
Administration	17	**82,223**	**79,387**	78,607
Injury reduction	20	**44,660**	**44,460**	39,593
		1,104,626	**1,217,726**	822,928
OPERATING SURPLUS		**$ 121,921**	**$ 141,411**	$ 306,797

The accompanying notes are an integral part of these financial statements.

The Workers' Compensation Board - Alberta

Statements of Comprehensive Income

Year ended December 31

($ thousands)

	Notes	2010	2009
OPERATING SURPLUS		$ 141,411	$ 306,797
OTHER COMPREHENSIVE INCOME			
Net unrealized gains on available-for-sale investments arising during the year		389,353	392,662
Net investment (gains) losses realized during the year and reported in the statements of operations	15	(78,824)	112,445
Loss realized during the year from write-down of impaired investments and reported in the statements of operations	15	7,087	31,042
		317,616	536,149
TOTAL COMPREHENSIVE INCOME		$ 459,027	$ 842,946

The accompanying notes are an integral part of these financial statements.

The Workers' Compensation Board – Alberta

Statements of Changes in Funded Position

Year ended December 31

($ thousands)

	Notes	2010	2009
FUND BALANCE			
Accumulated operating surplus			
Balance, beginning of year		$ 810,597	$ 503,983
Operating surplus		141,411	306,797
Dividends	11	(230,191)	(83)
Transfer to occupational disease reserve		(22,300)	(100)
		699,517	810,597
Accumulated other comprehensive income (loss)			
Balance, beginning of year		328,196	(207,953)
Other comprehensive income		317,616	536,149
	6	645,812	328,196
Fund Balance, end of year		1,345,329	1,138,793
OCCUPATIONAL DISEASE RESERVE			
Balance, beginning of year		294,400	294,300
Transfer from accumulated operating surplus		22,300	100
		316,700	294,400
		$ 1,662,029	$ 1,433,193

The accompanying notes are an integral part of these financial statements.

The Workers' Compensation Board – Alberta

Statements of Cash Flows

Year ended December 31

($ thousands)

	2010		2009
	Budget	**Actual**	Actual
OPERATING ACTIVITIES			
Cash inflows			
Employer premiums	**$ 986,906**	**$ 989,237**	$ 966,564
Dividend, interest and derivative income	**159,191**	**216,507**	331,223
Realized net investment gains (losses)	**82,499**	**78,824**	(112,445)
Other	**442**	**468**	464
Cash outflows			
Benefits to claimants and/or third parties on their behalf	**(623,933)**	**(600,876)**	(585,148)
Employee and supplier payments for administrative and other goods and services	**(203,518)**	**(176,243)**	(180,647)
Injury reduction program funding	**(44,660)**	**(44,460)**	(39,593)
Net cash from operating activities	**356,927**	**463,457**	380,418
INVESTING ACTIVITIES			
Cash outflows			
Net purchase of investments	**(300,454)**	**(186,594)**	(354,319)
Net purchase of property, plant and equipment	**(9,090)**	**(10,139)**	(7,073)
Net purchase of intangible assets	**(6,383)**	**(4,778)**	(9,712)
Net cash used for investing activities	**(315,927)**	**(201,511)**	(371,104)
FUNDING POLICY ACTIVITIES			
Cash outflows			
Special dividends to employers	**-**	**(563)**	(3,956)
Net cash used for Funding Policy activities	**-**	**(563)**	(3,956)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**41,000**	**261,383**	5,358
Cash and cash equivalents, beginning of year	**121,000**	**100,722**	95,364
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 162,000**	**$ 362,105**	$ 100,722

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2010 with comparatives for the year ended December 31, 2009

(thousands of dollars unless stated otherwise)

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Workers' Compensation Board – Alberta (WCB) have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

Accounting estimates and measurement uncertainty

The preparation of financial statements in conformity with GAAP requires the use of estimates that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting periods presented.

Some accounting measurements require management's best estimates, based on assumptions as at the financial statement date, that reflect the most probable set of economic conditions and planned courses of action. Claim benefit liabilities, dividends payable, the reserve for occupational disease, write-downs of investments, the Partnerships in Injury Reduction (PIR) accrual, and accrued premium revenue are the most significant items that are based on accounting estimates. Actual results could differ from the estimates determined by management in these financial statements, and these differences, which may be material, could require adjustment in subsequent reporting periods.

Comprehensive income

Comprehensive income includes current operating surplus and other comprehensive income (OCI). Other comprehensive income is comprised of unrealized fair-value gains and losses from investments, less previously deferred unrealized gains and losses that have been realized during the period through sale or impairment loss write-down and recognized in current income. Accumulated other comprehensive income (AOCI) includes unrealized fair-value gains and losses arising from holding available-for-sale investments. When the underlying securities are subsequently sold or written down, the resulting realized gain or loss is released from AOCI into investment income in the statements of operations.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the financial statement date. Non-monetary assets and liabilities are translated at the historical exchange rate. Foreign-currency transactions are translated into Canadian dollars using the exchange rate in effect when those transactions occur. Foreign currency gains and losses are recognized in income in the period in which they arise.

Cash and cash equivalents

Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash and short-term investments held by custodians are not available for general use, and accordingly are included in investments.

Investments

Portfolio investments, which comprise securities held for long-term capital appreciation and generation of income, are reported at fair value. Fixed income investments, marketable equity securities, and real estate and infrastructure investments are classified as available-for-sale investments. Derivatives used to manage asset and risk exposures are classified as held-for-trading instruments. Investments are initially recognized at acquisition cost (including premiums or discounts at date of purchase) and subsequently measured at fair value at each reporting date. WCB utilizes trade-date accounting (date when transactions are entered into rather than when they are settled) for all purchases and sales of investments.

Valuation of financial assets

The basis of measurement for financial assets is fair value as at the reporting date as follows:

- Publicly traded securities are based on their closing market prices or the average of the latest bid/ask prices quoted by independent securities valuation companies.
- Non-publicly traded private investment in infrastructure and real estate pooled funds are valued at the net asset values of the funds, which reflect the fair values of fund assets less fund liabilities.
- The fair value of real estate funds are based on independent annual appraisals, net of any liabilities against the fund assets.
- The fair value of the commercial mortgages fund is based on the market interest rate spread over Bank of Canada bonds with a similar term to maturity.

Valuation of derivatives

Derivatives are financial contracts whose price is dependent on the price of one or more underlying securities, reference rates or indices. The fair value of WCB's derivative contracts, primarily forward foreign-exchange contracts and futures contracts, are valued based on quoted market prices.

Investment income

Recognition and measurement

WCB recognizes interest revenue as earned, dividends when declared, and investment gains and losses when realized. Interest revenue is recognized over the term of a debt security using the effective interest rate method, and includes amortization of any premium or discount recognized at date of purchase. For real-return bonds, interest revenue also includes amortization, using the effective interest rate method, of adjustments to principal related to changes in inflation. Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Unrealized gains and losses on available-for-sale securities are recorded in other comprehensive income.

Derivatives are classified as held-for-trading instruments and, as such, changes in fair value resulting from marking derivative contracts to market are recognized in investment income. WCB's investment portfolio contains certain derivatives that meet hedge accounting requirements. WCB does not apply hedge accounting to the hedging relationships in its segregated investments, but uses hedge accounting indirectly in some pooled fund investments.

Transaction costs are included in the acquisition cost of individual securities. Direct investment expenses such as external custodial and management fees, as well as internal investment management expenses, are netted against investment income.

Impairment of financial instruments

When the fair value of an investment falls below its cost, and the decline is determined to be other-than-temporary, a loss equivalent to the difference between cost and current fair value is recorded against investment income in the statements of operations. The assessment of other-than-temporary impairment considers the extent of the unrealized loss, the length of time that the security has been in a loss position, the financial condition of the issuer and WCB's intent to hold the security to any anticipated recovery.

Premium revenue

Premiums are billed when employers report their insurable earnings for the current premium year. For employers who have not reported, premiums are estimated based on historical experience, and any difference between actual and estimated premiums is adjusted the following year. Premium revenue is net of the Partnerships in Injury Reduction (PIR) rebate.

Property, plant and equipment

Property, plant and equipment are recorded at cost and depreciated over their estimated useful lives. Depreciation is calculated using the following annual rates and methods that best reflect the realization of benefits:

Buildings		– 2.5% straight-line
Leasehold improvements		– term of the leasing contract plus one renewal period
Equipment	– computer	– 35% declining balance
	– furniture and other	– 15% declining balance
	– vehicles	– 20% straight-line

WCB evaluates its property, plant and equipment for impairment due to obsolescence, redundancy, deterioration, loss or reduction in future service potential. WCB writes down the carrying value to fair value and records the write-down amount as depreciation expense.

Intangible assets

Computer software

Software development expenditure is capitalized only if the directly related costs can be measured reliably, the product or process is technically feasible, future economic benefits are probable, and WCB has the intention and sufficient resources to complete development and to use the asset. Computer software development costs are recognized as assets and amortized using the straight-line method at an annual rate of 20% commencing from the date that the software is available for use.

WCB evaluates its computer software for impairment due to obsolescence, redundancy, loss or reduction in future service potential. WCB writes down the carrying value to fair value and records the write-down amount as amortization expense.

Claim benefit liabilities

Claim benefit liabilities represent the actuarial present value of all future benefit payments and claim administration costs for claims in respect of current and prior years' injuries. Claim benefit liabilities have been estimated in accordance with accepted actuarial practice established by the Canadian Institute of Actuaries.

Employee future benefits

Permanent employees of WCB participate in defined benefit pension plans sponsored by the Province of Alberta. As these multi-employer plans meet the accounting requirements for treatment as defined contribution plans, the current year employer contributions are accounted for as current pension expense.

For senior management, WCB also sponsors a supplemental retirement income plan to provide post-employment benefits in excess of statutory limits. The supplemental plan is a defined benefit plan whose costs are actuarially determined each year using the projected benefit method prorated on service. Actuarial gains and losses arising from the annual valuation are recognized in benefit plan expense as they arise.

WCB offers a contributory benefit plan that allows eligible employees who retire early to continue participating in staff benefit programs between the date of early retirement and the end of the month in which the employee turns 65. These bridge benefits include group supplementary health and dental care.

In addition to post-retirement benefits, WCB offers an income continuance plan for long-term disability to all permanent employees. The costs of providing such benefits are actuarially determined by WCB's benefit consultants. Valuation of the liability may result in a net actuarial gain or loss. The gain or loss that is greater than 10% of the benefit obligation is amortized to benefit plan expense over the estimated average expected remaining service period of employees.

2. FINANCIAL REPORTING CHANGES

Future accounting policy changes

Adoption of International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board confirmed that the changeover date for adoption of International Financial Reporting Standards (IFRS) by publicly accountable enterprises will be January 1, 2011. The 2010 Management Discussion and Analysis provides details on WCB's plans for adoption of IFRS, together with an assessment of readiness for 2011.

3. FUNDING BASIS

Legislative authority

WCB operates under the authority of the *Workers' Compensation Act* (the Act), Revised Statutes of Alberta 2000, Chapter W-15, as amended.

Accident Fund

The Act stipulates the creation of an Accident Fund (the Fund) with sufficient funds to pay present and future compensation. The Fund is fully funded, when total fund assets equal or exceed total liabilities. This Funded Position (or net assets) represents the current funding status. The Funded Position is maintained in two reserves within the Accident Fund: the Fund Balance and the Occupational Disease Reserve (ODR).

The Fund Balance consists of accumulated net operating surpluses/deficits and accumulated other comprehensive income, which holds unrealized gains and losses on investments.

The ODR was established to provide for costs arising from latent occupational injury or disease where a causal link to the workplace has not been established, but may be established in the future. No provision against income has been made for future claims arising from such injury or disease because the determination of such claims cannot be reasonably estimated. The ODR is maintained at a percentage of claim benefit liabilities through a transfer from or to the Fund Balance.

Fund management

Since the Act does not provide for an ownership-based capital structure, WCB views its available capital resources as synonymous with its Funded Position. The primary objective in managing the Funded Position is to mitigate the risk of being unfunded, while a secondary objective is to minimize premium rate volatility caused by investment risk. WCB manages the financial status of the Accident Fund by monitoring the Funded Position and making funding decisions in accordance with the Funding Policy.

The Funding Policy sets a target zone of 114% to 128% for the Funded Ratio (total assets divided by total liabilities) to guide funding decisions. When the Funded Ratio falls below the target zone, special funding requirements are included in premium rates. When the Funded Ratio is above the target zone, special dividends may be paid.

($ thousands)	2010	2009
Accident Fund		
Total assets	$ 7,311,815	$ 6,483,647
Less:		
Total liabilities	5,649,786	5,050,454
Funded Position	$ 1,662,029	$ 1,433,193
Funded Ratio	129.4%	128.4%

4. CASH AND CASH EQUIVALENTS

($ thousands)	2010	2009
Cash in transit and in banks	$ 20,017	$ 15,786
Cash equivalents	342,088	84,936
	$ 362,105	$ 100,722

Cash equivalents are invested in a short-term pooled investment fund that generated an annual return of 0.9% (2009 – 1.2%).

5. RECEIVABLES

($ thousands)	2010	2009
Premium		
Assessed	$ 33,352	$ -
Accrued	(5,528)	-
	27,824	-
Other	6,765	6,349
	$ 34,589	$ 6,349

Accrued premiums receivable represent estimated premiums related to employers that had not reported their insurable earnings by year-end. See Note 10 for the reclassification of the 2009 premium accrual to Payables and Accruals and Note 14 for details concerning the premium accrual.

6. INVESTMENTS

Fair value of financial instruments

The table below presents the cost and carrying amount at fair value for WCB's investments as at December 31, 2010, with the change in fair value recognized through other comprehensive income:

($ thousands)	2010					2009		
	Adjusted Cost [1]	Unrealized Gains	Unrealized Losses	AOCI	Fair Value	Adjusted Cost [1]	AOCI	Fair Value
Available-for-sale investments								
Fixed income								
Nominal bonds:								
Canada	$1,965,683	$ 82,539	$ -	$ 82,539	$ 2,048,222	$2,090,140	$ 35,628	$2,125,768
Other markets	226,767	-	(7,643)	(7,643)	219,124	151,360	(1,663)	149,697
Mortgages [2]	228,736	5,067	-	5,067	233,803	188,389	(826)	187,563
	2,421,186	87,606	(7,643)	79,963	2,501,149	2,429,889	33,139	2,463,028
Equities								
Domestic	663,671	106,907	(14)	106,893	770,564	624,331	35,113	659,444
Foreign:								
Global [3]	1,571,764	137,654	(25,221)	112,433	1,684,197	1,949,422	4,995	1,954,417
Emerging markets	281,510	110,940	-	110,940	392,450	178,383	80,906	259,289
	2,516,945	355,501	(25,235)	330,266	2,847,211	2,752,136	121,014	2,873,150
Inflation-sensitive								
Real estate [4]	654,236	99,066	(1,347)	97,719	751,955	385,061	59,856	444,917
Infrastructure [5]	221,018	3,399	(526)	2,873	223,891	28,841	(1,197)	27,644
Real-return bonds	368,159	134,991	-	134,991	503,150	371,441	115,384	486,825
	1,243,413	237,456	(1,873)	235,583	1,478,996	785,343	174,043	959,386
	6,181,544	680,563	(34,751)	645,812	6,827,356	5,967,368	328,196	6,295,564
Derivatives [6]								
Fixed income	-	-	-	-	6,955	-	-	4,213
Equities	-	-	-	-	16,654	-	-	15,647
Infrastructure	-	-	-	-	64	-	-	-
	-	-	-	-	23,673	-	-	19,860
	$6,181,544	$680,563	$ (34,751)	$ 645,812	$ 6,851,029	$5,967,368	$ 328,196	$6,315,424

[1] Adjusted cost includes the following:
a) the accumulated amortization of discount or premium on fixed income securities; and
b) the written-down value for securities assessed to have an other-than-temporary decline in value.

[2] Mortgages include commercial mortgages and multi-unit mortgages, but do not include single-dwelling residential mortgages.

[3] Global comprises U.S. and Europe, Australasia and Far East mandates.

[4] Real estate comprises pooled funds invested in commercial properties and segregated assets invested in real estate income trusts.

[5] Infrastructure comprises pooled funds invested in infrastructure assets and segregated assets invested in publicly traded infrastructure companies.

[6] Changes in the fair value of segregated fund derivatives is recognized in investment income rather than in AOCI. See Note 7 for more details concerning derivatives.

Fair value hierarchy

The fair value of WCB's investments recorded on the Balance Sheets was determined using one of the following valuation techniques:

Level 1 The fair value is based on quoted prices in active markets for identical assets or liabilities. This level includes equity securities and derivative contracts that are traded in an active exchange market.

Level 2 The fair value is based on inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs based on observable market data. Includes pooled funds invested in traded securities, as well as derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from observable market data.

Level 3 The fair value is based on unobservable inputs that are significant to the fair value of the assets or liabilities and have little or no market activity. This level includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category includes pooled funds invested in debt securities, private equity, real estate and infrastructure.

The table below summarizes the basis of fair value measurements for financial assets held in WCB's investment portfolio as at December 31, 2010:

	2010				2009			
($ thousands)	**Valuation technique**				Valuation technique			
	Level 1	**Level 2**	**Level 3**	**Fair Value**	Level 1	Level 2	Level 3	Fair Value
Available-for-sale investments								
Fixed income								
Nominal bonds	**$ -**	**$2,218,623**	**26,875**	**$2,245,498**	$ -	$2,146,336	$ 112,892	$ 2,259,228
Mortgages	**-**	**-**	**233,987**	**233,987**		-	187,686	187,686
	-	**2,218,623**	**260,862**	**2,479,485**	-	2,146,336	300,578	2,446,914
Equities								
Domestic	**483,588**	**284,315**	**-**	**767,903**	422,564	235,000	-	657,564
Foreign	**1,020,149**	**1,031,089**	**-**	**2,051,238**	1,249,471	936,406	-	2,185,877
	1,503,737	**1,315,404**	**-**	**2,819,141**	1,672,035	1,171,406	-	2,843,441
Inflation-sensitive								
Real estate	**162,536**	**6,996**	**581,991**	**751,523**	-	-	433,617	433,617
Infrastructure	**146,915**	**-**	**71,139**	**218,054**	-	-	27,608	27,608
Real-return bonds	**-**	**502,050**	**-**	**502,050**	-	485,626	-	485,626
	309,451	**509,046**	**653,130**	**1,471,627**	-	485,626	461,225	946,851
	1,813,188	**4,043,073**	**913,992**	**6,770,253**	1,672,035	3,803,368	761,803	6,237,206
Derivatives	**-**	**23,673**	**-**	**23,673**	-	19,860	-	19,860
Investments[1]	**$ 1,813,188**	**$4,066,746**	**$ 913,992**	**$6,793,926**	$1,672,035	$3,823,228	$ 761,803	$ 6,257,066

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[1] Net cash, receivables and payables of $57,103 (2009–$58,358) are carried at amortized cost and therefore not subject to fair value classification. This net amount is added to the fair value total above to arrive at the total fair value of investments reported on the Balance Sheets.

Reconciliation of Level 3 Fair Value Measurements

($ thousands)	2010 Fixed Income	 Real Estate/ Infrastructure	 Total	2009 Fixed Income	 Real Estate/ Infrastructure	 Total
Balance, beginning of year	**$ 300,578**	**$461,225**	**$ 761,803**	$ 295,257	$ 467,917	$ 763,174
Realized income recognized in operating surplus	**(13,187)**	**(31,324)**	**(44,511)**	(10,180)	(25,625)	(35,805)
Net change in unrealized gains/losses	**19,717**	**57,693**	**77,410**	14,014	(37,547)	(23,533)
Purchases of Level 3 investments	**46,736**	**217,313**	**264,049**	42,893	58,424	101,317
Sale or settlement of Level 3 investments	**(522)**	**(51,777)**	**(52,299)**	(41,406)	(1,944)	(43,350)
Reclassification[1] to Level 2	**(92,460)**	**-**	**(92,460)**	-	-	-
Balance, end of year	**$ 260,862**	**$653,130**	**$ 913,992**	$ 300,578	$ 461,225	$ 761,803

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[1] The reclassification relates to a change in methodology for classifying pooled funds.

7. INVESTMENT RISK MANAGEMENT

Investment governance

The Board of Directors is ultimately responsible for overall governance and strategic direction of the investment portfolio through its review and approval of the Investment Policy and ongoing monitoring of investment performance and compliance.

WCB management is responsible for monitoring investment performance, recommending changes to the Investment Policy and selecting fund managers. WCB retains independent consultants to benchmark the performance of its fund managers, and to advise on the appropriateness and effectiveness of its Investment Policy and practices.

Key financial risks

The primary financial risk for WCB is the risk that, in the long term, returns from its investments will not be sufficient to discharge all obligations arising from its claim liabilities. Risk management for investments needs to be closely aligned with the risk management of liabilities to best manage this funding risk.

WCB's primary risk mitigation strategy is the implementation of its Investment Policy. The Investment Policy target asset mix, and associated risk and return characteristics, have been established to provide guidelines for a broad investment strategy, as well as specific approaches to portfolio management. The Investment Policy also calls for maintaining a well-diversified portfolio, both across and within asset classes, and engaging fund managers who represent a broad range of investment philosophies and styles, all within a rigorous compliance framework.

WCB has identified key investment risks that directly affect the sufficiency of its investments to fund current and future claim obligations:

Market risks – These risks include movements in equity market prices, interest rates, credit spreads and foreign currency exchange rates.

Other investment risks – These risks relate to the specific composition and management of WCB's portfolio and include liquidity risk, securities lending risk, counterparty default risk and derivatives risk.

The following sections describe these risks and WCB's exposure and mitigation strategies.

Equity market risk

WCB is exposed to equity market risk, which is the risk that the fair value of its investments in publicly traded shares will fluctuate because of price changes. Such price changes are caused by macroeconomic factors and other capital market dynamics, which may affect the market value of individual securities.

WCB's mitigation strategy for equity market risk is disciplined oversight of investment activities within a formal investment control framework that has been reviewed and validated by independent experts to ensure continuous compliance with approved policies and practices. The target asset mix, as outlined in the Investment Policy, is the primary method for controlling the exposure to equity market risk.

The table below presents the effect on WCB's segregated and pooled fund equity mandates of a significant adverse change[i] in the key risk variable—the portfolio weighted average (asset class) benchmark:

($ thousands)	**2010**		2009	
	1 std dev	**2 std devs**	1 std dev	2 std devs
% change in Canadian market benchmark	**(16.0%)**	**(32.1%)**	(16.9%)	(33.7%)
Canadian mandate	**$ (106,457)**	**$ (187,069)**	$ (95,166)	$ (166,328)
% change in Global market benchmark	**(13.4%)**	**(26.7%)**	(12.9%)	(25.8%)
Global mandate	**$ (200,585)**	**$ (358,851)**	$ (225,054)	$ (403,961)
% change in Emerging market benchmark	**(22.4%)**	**(44.8%)**	(21.5%)	(42.9%)
Emerging markets mandate	**$ (71,847)**	**$ (121,458)**	$ (45,814)	$ (77,869)

Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates.

The table below presents the effects of a nominal interest rate change of 50 and 100 bps[ii] on WCB's segregated and pooled fund bond and mortgage portfolios:

($ thousands)	**2010**		2009	
change in nominal interest rate	**+50 bp**	**+100 bp**	+50 bp	+100 bp
Nominal bonds	**$ (67,443)**	**$ (134,886)**	$ (66,266)	$ (132,533)
change in nominal interest rate	**+50 bp**	**+100 bp**	+50 bp	+100 bp
Real return bonds	**$ (40,780)**	**$ (81,561)**	$ (36,903)	$ (73,806)
change in nominal interest rate	**+50 bp**	**+100 bp**	+50 bp	+100 bp
Mortgages	**$ (4,095)**	**$ (8,190)**	$ (3,303)	$ (6,607)

Fixed income pricing risk

Fixed income pricing risk related to financial securities arises from changes in general financial market or economic conditions that may change the pricing of the entire non-government bond market, specific sectors or individual issuers. This risk is generally manifested through changes in the security's credit spread.

WCB's investment portfolio is exposed to fixed income pricing risk mainly through participation in direct holdings of fixed income securities and, to a lesser degree, investments in a nominal Canadian bond pool, a global fixed income mandate and a Canadian mortgage pool.

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[i] A change is considered significant when it exceeds the standard deviation (std dev), which measures the variance in a normal probability distribution. One std dev covers 68% of all probable outcomes; two std devs, 95%. The benchmark deviations are based on 2010 performance data.

[ii] One basis point (bp) equals 1/100 of 1%; 50 bps = 50/100 of 1% or 0.5%.

The table below presents the effects of a change in the credit spreads of 50 and 100 bps[1] on the non-government portion of the direct holdings of fixed income securities within the bond portfolio:

($ thousands)	2010		2009	
change in nominal interest rate	+50 bp	+100 bp	+50 bp	+100 bp
Nominal bonds	$ (21,922)	$ (43,844)	$ (14,736)	$ (29,471)

Foreign currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates.

The global fixed income segregated fund is fully hedged to the Canadian dollar by utilizing forward currency contracts. For its foreign-equity investments, WCB utilizes a currency overlay to hedge 50% of the aggregate currency exposure from foreign equities. The currency overlay is executed through forward foreign-exchange contracts on the U.S. dollar, euro and other major currencies. As the Canadian dollar moves against hedged foreign currencies, the resulting appreciation or depreciation on foreign investments in the balance sheets is reflected in the statements of operations as a 50% offsetting gain or loss.

WCB's largest currency exposure is to the U.S. dollar, with unhedged holdings of $628,405 (2009 – $542,089); euro exposure is next, with unhedged holdings of $90,371 (2009 – $106,155). For the year ended December 31, 2010, the net gain from the currency overlay was $36,075 (2009 – $105,347).

The table below presents the effects on the foreign equity mandate for segregated and pooled funds of a material change in the Canadian/U.S. dollar and Canadian/euro exchange rates:

($ thousands)	2010		2009	
	CAD/USD	CAD/EURO	CAD/USD	CAD/EURO
December 31 spot rate	*1.0064*	*0.7502*	*0.9539*	*0.6648*
10% appreciation in the Canadian dollar	*1.1070*	*0.8252*	*1.0493*	*0.7313*
Global mandate	$ (57,128)	$ (8,216)	$ (49,282)	$ (9,650)

Liquidity risk

Liquidity risk stems from the lack of marketability of a security that cannot be bought or sold quickly enough to prevent or minimize a loss. Lack of liquidity in the market acts as a constraint against optimum portfolio management decisions. Because WCB's operating cash flows are generally sufficient to fund ongoing obligations, market illiquidity is not a critical concern but, from time to time, it may hinder the efficient management of portfolio activities such as rebalancing the asset mix, reallocating assets between fund managers and funding major commitments.

Through a proactive cash management process that entails continuous forecasting of expected cash flows, WCB mitigates liquidity risk by minimizing the need for liquidations of portfolio assets in volatile markets. To cover unanticipated cash requirements when market conditions are unfavourable, WCB has negotiated a standby line of credit of up to $20 million, which has not been drawn down as at December 31, 2010. Given its stable operating cash flows, active cash management and credit facilities in place, WCB does not believe it has significant liquidity risk.

[1] A change is considered significant when it exceeds the standard deviation (std dev), which measures the variance in a normal probability distribution. One std dev covers 68% of all probable outcomes; two std devs, 95%. The benchmark deviations are based on 2010 performance data.

Securities-lending risk

To generate additional income, WCB participates in a securities-lending program sponsored by its custodian. Under this program, the custodian may lend WCB's investments to eligible third parties for short periods. These loans are secured against loss with marketable securities having a minimum fair value of 102% of the loan. The custodian is contractually obligated to indemnify WCB for any losses resulting from inadequate security. For 2010, securities-lending transactions related to segregated funds generated income of $895 (2009 – $679).

Counterparty default risk

Counterparty default risk arises from the possibility that the issuer of a debt security, or the counterparty to a derivatives contract, fails to discharge its contractual obligation to WCB.

To mitigate counterparty default risk, WCB ensures that the credit ratings of counterparties do not fall below an acceptable threshold. Issuers of debt securities will have at least a B- or equivalent score from a recognized credit-rating agency, or must meet other stringent investment criteria. Counterparties for derivative contracts will have at least an A- score or equivalent from a recognized credit-rating agency.

As at December 31, 2010, the aggregate amount of fixed income securities with counterparty ratings below BBB- within WCB's segregated funds was $91,384 (2009 – $34,290). WCB has additional counterparty default risk exposure through its investments in various pooled funds.

WCB's Investment Policy also imposes stringent restrictions with respect to material concentration in any single asset class, sector, fund and counterparty. Each fund is closely monitored for compliance to ensure that aggregate exposures do not exceed those investment constraints.

Derivatives risk

Although derivatives represent an important component of WCB's risk management strategy, the portfolio does not contain any derivatives intended for speculative or trading purposes. An example of derivatives used for risk mitigation is the currency overlay described in the currency risk section, which is a partial hedge of the currency exposure. From time to time, derivatives are also utilized as a portfolio management technique to replicate a target asset mix or achieve certain asset exposures when it is not possible or cost-effective to hold securities directly.

The notional value of a derivative contract used in a hedging arrangement represents the exposure that is being hedged, and is the amount to which a rate or price is applied in order to calculate the exchange of cash flows. Notional amounts are not indicative of the credit risk associated with such derivative contracts and are not recognized in these financial statements. WCB's credit exposure is represented by the replacement cost of all outstanding contracts in a receivable (positive fair value) position. Counterparty default risk with respect to derivative contracts is mitigated in accordance with investment guidelines described in the earlier section on counterparty default risk.

The table below presents the notional principal, as well as the fair value, of all open derivative contract positions in segregated funds as at December 31, 2010:

($ thousands)		Term	2010		2009	
	Asset Mandates	Within 1 year	Notional Principal	Fair Value	Notional Principal	Fair Value
Asset replication contracts						
Equity index futures contracts	Global equities	100%	$ -	$ (50)	$ -	$ -
Bond futures contracts	Global fixed income	100%	103,590	1,166	69,972	590
			103,590	1,116	69,972	590
Foreign-exchange contracts						
Currency overlay forward contracts	Global equities/infrastructure	100%	1,008,857	16,838	960,903	16,452
Forward foreign-exchange contracts	Global equities/fixed income	100%	797,041	5,719	458,805	2,818
			1,805,898	22,557	1,419,708	19,270
			$1,909,488	$23,673	$1,489,680	$19,860

WCB also has indirect exposure to derivatives risk through its pooled investments but they do not contain any derivatives intended for speculative or trading purposes.

8. PROPERTY, PLANT AND EQUIPMENT

($ thousands)	2010					2009
	Cost	Work In Progress	Total	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 1,092	$ -	$ 1,092	$ -	$ 1,092	$ 1,092
Buildings	38,530	5,654	44,184	16,924	27,260	22,295
Leasehold improvements	1,590	-	1,590	886	704	758
Equipment	18,548	3,228	21,776	9,965	11,811	10,446
	$ 59,760	$ 8,882	$ 68,642	$ 27,775	$ 40,867	$ 34,591

9. INTANGIBLE ASSETS

($ thousands)	2010					2009
	Cost	Work In Progress	Total	Accumulated Amortization	Net Book Value	Net Book Value
Computer software	$ 111,488	$ 5,952	$ 117,440	$ 94,215	$ 23,225	$ 26,561

10. PAYABLES AND ACCRUALS

($ thousands)	2010	2009
Partnerships in Injury Reduction rebates	$ 81,204	$ 71,446
Accrued employee benefits	31,795	28,655
Net premium revenue adjustments	-	24,238
Other	27,759	18,615
	$ 140,758	$ 142,954

Partnerships in Injury Reduction rebates (Note 14) are paid to those employers that have met the eligibility requirements. Net premium revenue adjustments represent amounts collected from employers in excess of adjusted premiums related to yet-to-be reported insurable earnings adjustments.

11. DIVIDENDS PAYABLE

The table below is a reconciliation of the changes in the dividends charged to the Fund Balance and payable to employers that have met the eligibility criteria for the premium year:

	Change in Fund Balance		Dividends Payable	
($ thousands)	2010	2009	2010	2009
Special dividend, beginning of year			$ 500	$ 4,373
Payment of prior years' dividends			(563)	(3,956)
			(63)	417
Adjustment of prior years' accruals	$ 63	$ 83	63	83
Outstanding balance from prior years			-	500
Special dividend authorized for the year	230,128	-	230,128	-
Special dividend, end of year	$ 230,191	$ 83	$ 230,128	$ 500

12. CLAIM BENEFIT LIABILITIES

Claim benefit liabilities have been independently valued as at December 31, 2010 by WCB's external actuary. Claim benefit liabilities include a provision for all benefits provided by current legislation, WCB policies and administrative practices. These liabilities also include a provision for the future expenses of administering those benefits, including funding obligations to the Appeals Commission and Medical Panel Office. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period. Claim benefit liabilities also do not include a provision for benefit costs of self-insured employers.

Since the claim benefit liabilities of WCB are of a long-term nature, the actuarial assumptions and methods used to calculate the reported claim benefit liabilities are based on considerations of future expenditures over the long term. As the determination of these liabilities requires assumptions about economic and other events that may occur many years in the future, but which are based on best information as at the valuation date, a significant degree of professional judgment must be exercised in developing these assumptions. Accordingly, changes in future conditions within one year of the financial statement date could require a material change in the recognized amounts.

Estimated future expenditures are expressed in constant dollars and then discounted at the assumed real rate of return on investments (i.e., the difference between expected long-term investment earnings and the expected long-term general inflation rate). The expected long-term investment earnings assumption is currently set using a 70% confidence level which provides a margin for adverse deviation.

Key actuarial assumptions

The table below presents the annual rates for key long-term economic assumptions used to determine the claim benefit liabilities:

	2010	2009
Nominal rate of return, years 1-4	4.55%	5.58%
Nominal rate of return, years 5 and beyond	5.58%	5.58%
General inflation rate	2.50%	2.50%
Real rate of return, years 1-4	2.00%	3.00%
Real rate of return, years 5 and beyond	3.00%	3.00%
Cost-of-living allowance	2.00%	2.00%
Wage escalation	3.50%	3.50%
Health care escalation	6.00%	6.00%

The table below presents a breakdown of WCB's total claim benefit liabilities by benefit category as at December 31, 2010, with details of the transactions during the year:

($ thousands)	2010							2009
	Short-term Disability	**Long-term Disability**	**Survivor Benefits**	**Health Care**	**Rehabilitation**	**Claim Administration [1]**	**Total Claim Liabilities**	Total Claim Liabilities
Claim benefit liabilities, beginning of year	$333,700	$2,131,500	$494,800	$1,500,000	$126,300	$320,700	**$4,907,000**	$4,905,700
Increase in claim benefit liabilities:								
Claim costs incurred								
Current-year injuries	151,614	163,242	24,858	305,050	33,160	84,710	**762,634**	730,139
Prior years' injuries	42,706	97,495	31,134	111,229	12,692	35,989	**331,245**	(25,411)
	194,320	260,737	55,992	416,279	45,852	120,699	**1,093,879**	704,728
Decrease in claim benefit liabilities:								
Claim payments made								
Current-year injuries	63,014	2,442	1,058	107,150	2,660	29,510	**205,834**	209,839
Prior years' injuries	88,006	142,795	43,934	142,229	33,992	65,189	**516,145**	493,589
	151,020	145,237	44,992	249,379	36,652	94,699	**721,979**	703,428
Claim benefit liabilities, end of year	$377,000	$2,247,000	$505,800	$1,666,900	$135,500	$346,700	**$5,278,900**	$4,907,000

[1] Claim Administration payments of $94,699 (2009 – $92,496) are comprised of general claim administration (see Note 17) of $86,287 (2009 – $83,253), Appeals Commission of $8,143 (2009 – $8,979) and Medical Panel Office of $269 (2009 – $264).

Changes in claim benefit liabilities

The table below is a reconciliation of the major changes in the claim benefit liabilities during the year:

($ thousands)		2010	2009
Claim benefit liabilities, beginning of year		**$4,907,000**	$4,905,700
Add (deduct) changes in liabilities:			
Provision for future costs of current-year injuries		**556,800**	520,300
Interest accrued on the liabilities		**259,000**	257,900
Payments for prior years' injuries, excluding self-insured employers		**(507,172)**	(485,333)
		5,215,628	5,198,567
Add impact of policy changes:		**12,100**	700
Add (deduct) changes in actuarial methodology and experience:			
Changes in actuarial methods and assumptions:			
Health care escalation rate change from 6.75% to 6.0%		-	(134,400)
New incidence rates for outstanding economic loss payments		-	(59,500)
Health care benefits adjustments		-	61,800
Change in the real rate of return	**153,200**		-
Other changes in methods and assumptions	**11,000**	**164,200**	34,700
Claims experience (gains) and losses:			
Difference between actual and expected long-term cost-of-living adjustments and inflation	**(40,100)**		(82,000)
Actual costs less than expected	**(26,600)**		(86,300)
Other experience gains	**(46,328)**	**(113,028)**	(26,567)
		63,272	(291,567)
Claim benefit liabilities, end of year		**$5,278,900**	$4,907,000

Sensitivity of actuarial assumptions

The most significant assumption in the determination of the claim benefit liabilities is the real rate of return. The real rate of return is the assumed rate of return in excess of the assumed inflation rate. A reduction in the assumed real rate of return would increase the actuarial present value of the claim benefit liabilities.

Health care benefits represent approximately 32% of the claim benefit liabilities. An increase in the assumed health care escalation rate would result in an increase in the claim benefit liability for health care.

The table below presents key assumptions used to determine the claim benefit liabilities and the sensitivity of the liabilities to an immediate 0.25% increase or decrease in the assumed rates:

($ thousands)	2010		2009	
+/- % change on assumed rates	**+0.25%**	**-0.25%**	+0.25%	-0.25%
Real rate of return	**$ (152,100)**	**$ 158,700**	$ (134,800)	$ 141,800
Health care escalation rate	**$ 57,700**	**$ (54,800)**	$ 51,500	$ (49,200)

13. EMPLOYEE FUTURE BENEFITS

Long-term disability plan

WCB administers a non-contributory long-term disability (LTD) income continuance plan for its employees, with the WCB Accident Fund covering the obligations of the plan. LTD benefits are the sum of all liabilities related to claims that have occurred in the period.

The cost of benefits is actuarially based on claims outstanding, a market interest rate, management's best estimate of projected costs and the expected benefit period. Current benefit cost represents the actuarial present value of the expected future payments. Interest cost represents the amount required in each year to build up the liability over the projected benefit period to its future value. Actuarial gains and losses arise from assumption and/or methodology changes and claim experience related to the benefit obligation. Such gains and losses that exceed 10% of the benefit obligation are amortized over the expected average benefit period.

Pension plans

Employee post-retirement benefits are provided through contributory multi-employer defined benefit pension plans sponsored by the Province of Alberta, namely the Management Employees Pension Plan (MEPP) and the Public Service Pension Plan (PSPP). As a plan participant in these multi-employer pension plans, WCB's expense for MEPP and PSPP for the year ended December 31, 2010 is equivalent to the aggregate annual contributions of $10,665 (2009 – $7,740). Employer contribution rates on pensionable earnings are as follows:

MEPP: 18.0% (2009 – 18.0%)
PSPP: 9.1% up to YMPE[iii] (2009 – 6.69%), 13.0% above YMPE (2009 – 9.55%)

At December 31, 2010, the MEPP and PSPP administrators reported plan deficiencies. For these plans, WCB has no further payment obligations once the contributions have been paid; therefore, no liability has been recognized in respect of these plan deficiencies.

Supplemental executive retirement plan

WCB sponsors a non-contributory supplemental executive retirement plan (SERP), with the WCB Accident Fund covering the obligations of the plan. Earnings of senior management generally exceed the threshold earnings for the maximum pension benefit permitted under the federal *Income Tax Act*. Under the terms of the SERP, senior management is entitled to receive supplemental retirement payments that bring their total pension benefits to a level consistent with their total earnings. Future pension benefits are based on the participants' years of service and earnings.

The cost of benefits is actuarially determined using the projected benefit method prorated on service, a market interest rate, management's best estimate of projected costs and the expected years of service until retirement. Current benefit cost represents the actuarial present value of the benefits earned in the current period. Current benefit costs are not cash payments in the period, but are the period expense for rights to future compensation. Interest cost represents the amount required in each year to build up the liability over the projected service period to its future value. Actuarial gains and losses arise from assumption and/or methodology changes and claim experience related to the benefit obligation, and are recognized immediately in current expense.

See Note 18 for a detailed breakdown of SERP costs.

Post-retirement benefit plan

WCB provides an unfunded post-employment benefit plan that provides dental and health care benefits to retirees on pension between the ages of 55 to 65. Plan costs are actuarially determined using the projected benefit method prorated on service. As plan participants pay part of the benefit cost, the benefit obligation represents the amount subsidized by WCB. Current benefit, interest costs and actuarial gains and losses are determined in a similar manner as the SERP costs, which were discussed in the previous section.

[iii] Year's Maximum Pensionable Earnings under the Canada Pension Plan ($47,200 in 2010; $46,300 in 2009).

The table below is a summary of the costs and liability balances, as at December 31, 2010, of WCB's employee future benefit plans:

($ thousands)	2010			2009		
	LTD	SERP	Post Retirement	LTD	SERP	Post Retirement[3]
Accrued benefit liability, beginning of year	$14,253	$1,421	$ 2,682	$ 14,262	$1,062	$ -
Current benefit cost	2,461	292	218	820	274	-
Interest cost	524	118	177	717	92	-
Amortization of actuarial (gains) losses	(341)	-	-	(182)	-	-
Actuarial (gains) losses	n/a [1]	376	840	n/a [1]	(7)	2,682
Benefit payments	(1,677)	-	(90)	(1,364)	-	-
Accrued benefit liability, end of year [2]	$ 15,220	$2,207	$ 3,827	$ 14,253	$ 1,421	$ 2,682

[1] LTD plan has unrecognized net actuarial gains for 2010 of $2,480 (2009 – $4,023).

[2] Accrued benefit liabilities are included in "Accrued employee benefits" under "Payables and accruals".

[3] An actuarial valuation of the Post Retirement obligation was completed for the first time in 2009.

The table below presents key assumptions applicable to WCB-sponsored employee future benefit plans:

	2010			2009		
	LTD	SERP	Post Retirement	LTD	SERP	Post Retirement
Actuarial valuation date	12/31/2010	12/31/2010	12/31/2010	12/31/2009	12/31/2009	12/31/2009
Discount rate (nominal)	4.6%	5.9%	5.4%	5.5%	6.9%	6.2%
Health care inflation rate	5.0%	n/a	5.0%	4.9%	n/a	5.0%
Salary escalation rate	3.0%	4.0%	n/a	3.0%	4.0%	n/a

14. PREMIUM REVENUE

($ thousands)	2010	2009
Assessed premium revenue	$ 1,092,150	$ 960,849
Self-insured employer revenue (Note 19)	11,347	10,727
Other premium-related revenue	9,248	8,326
	1,112,745	979,902
Deduct: Partnerships in Injury Reduction rebates (Note 10)	81,204	71,446
	$ 1,031,541	$ 908,456

Assessed premium revenue includes an accrual of $5,529 (2009 – $51,410) for amounts collected from employers in excess of adjusted premiums related to yet-to-be-reported insurable earnings adjustments. The accrual has been determined using a statistical model that estimates the amount of unreported earnings based on actual returns processed to date and historical patterns of processed to unprocessed returns as at a specified point in time. Historically, accruals have ranged from -5.0% to 6.0% of total processed premiums.

Partnerships in Injury Reduction (PIR) rebates are paid to those employers that have met the eligibility requirements in achieving certain workplace safety targets as specified under the program. The estimated rebate amount is based on several factors, including premiums paid, year-over-year improvement on claims experience and safety performance relative to industry benchmarks, among others. Historically, the PIR rebate accrual has averaged 8% of total processed premiums.

For both premium and PIR accruals, the difference between actual and estimated amounts in past years has not been material.

15. INVESTMENT INCOME

Investment income[1] – net (*$ thousands*)	2010	2009
Interest income		
Bonds	$ 122,877	$ 128,168
Mortgages	11,181	8,711
Cash and cash equivalents	1,266	475
	135,324	137,354
Dividends		
Domestic equities	15,545	14,017
Foreign equities	23,392	18,655
	38,937	32,672
Realized gains (losses) on available-for-sale investments		
Bonds	51,517	(38,778)
Domestic equities	21,837	(13,746)
Foreign equities	(5,956)	(66,436)
Real estate	11,760	6,476
Infrastructure	(334)	39
	78,824	(112,445)
Derivatives		
Realized gains	33,185	156,964
Unrealized gains	23,673	19,860
	56,858	176,824
Property income		
Real estate	20,630	15,364
Infrastructure	5,446	3,232
	26,076	18,596
	336,019	253,001
Deduct:		
Other investment expense		
Impairment write-downs – Bonds	4,977	8,487
Impairment write-downs – Equities	2,110	22,555
Investment-related administration expense[2]	2,205	1,963
	$ 326,726	$ 219,996

[1] Investment income is net of transaction costs, external management fees and expenses (e.g. custodial, audit, etc.) of $17,819 (2009 – $14,319) that are netted against the respective revenue source.

[2] Internal administration expenses are netted against investment income, but not attributed to specific revenue sources.

Impairment write-downs

WCB applies a three-step process for recognizing impairment losses on available-for-sale investments:

- identifying investments with significant unrealized losses;
- determining whether the decline in value is temporary or other-than-temporary; and
- removing the entire loss from AOCI and recognizing it in income.

Determining whether an investment is impaired is a matter of judgment. WCB interprets other-than-temporary as a decline in value in excess of normal volatility for 12 consecutive months. For securities whose decline in value is particularly severe, or those operating in a troubled sector, or where the prospects for recovery of carrying value is not probable within the expected holding period, the duration criterion may be waived. In applying judgment, WCB also considers such factors as market conditions, facts and circumstances concerning specific securities and their issuers, expectations of performance and the views of other knowledgeable parties, such as fund managers.

16. OTHER REVENUE

($ thousands)		2010		2009
Other	$	37	$	119
Millard Health[1]		833		1,154
	$	870	$	1,273

[1] Millard Health revenue is net of operating expenses of $26,002 (2009 – $24,974).

17. ADMINISTRATION EXPENSES

($ thousands)		2010		2009
Salaries and employee benefits	$	126,838	$	120,041
Office and technology		24,059		24,340
Amortization of intangible assets		8,270		10,493
Depreciation of property, plant and equipment		2,912		2,227
Building operations		6,487		7,442
Consulting fees		2,243		2,356
Travel, vehicle operation and other		1,231		1,200
		172,040		168,099
Deduct:				
Claim administration costs		86,287		83,253
Investment management expenses charged to investment income		2,205		1,963
Recovery of costs		4,161		4,276
	$	79,387	$	78,607

18. SALARIES AND BENEFITS

The table below presents total compensation of the directors and senior management of WCB following the recommendations of the Salary and Benefits Disclosure Directive issued by the Treasury Board of Alberta:

($)	Base Salary [1]	Other Cash Benefits [2]	Non-Cash Benefits [3]	SERP [4]	Total
			2010		
Chair, Board of Directors [5]	$ -	$ 95,834	$ 3,879	$ -	$ 99,713
Board Members [5]	-	163,189	12,748	-	175,937
President & Chief Executive Officer	354,000	189,000	35,940	49,200	628,140
Vice-president, Disability and Information Management	290,000	107,500	30,593	32,500	460,593
Vice-president, Customer Service and Risk Management	264,000	98,400	31,530	33,700	427,630
Vice-president, Employee and Corporate Services	227,000	74,100	31,494	20,800	353,394
Chief Financial Officer	264,000	98,400	32,510	25,500	420,410
Secretary and General Counsel	222,000	72,600	33,381	23,500	351,481
			2009		
Chair, Board of Directors [5]	$ -	$ 94,840	$ 3,969	$ -	$ 98,809
Board Members [5]	-	173,822	14,185	-	188,007
President & Chief Executive Officer	344,000	181,110	32,946	46,300	604,356
Vice-president, Disability and Information Management	282,000	104,700	29,917	30,700	447,317
Vice-president, Customer Service and Risk Management	257,000	96,310	30,867	31,600	415,777
Vice-president, Employee and Corporate Services	220,500	72,150	30,840	19,600	343,090
Chief Financial Officer	257,000	95,950	31,817	24,100	408,867
Secretary and General Counsel	216,000	78,684	32,889	22,100	349,673

[1] Base salary is pensionable base pay.

[2] Other cash benefits include performance awards, lump sum payments, honoraria, vacation pay and car allowances.

[3] Non-cash benefits include employer's share of all employee benefits and contributions or payments made to or on behalf of employees, including statutory contributions, pension plan, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long-term disability plan, educational costs and professional and other memberships. No amounts are included for the value of parking.

[4] Current service cost for the supplemental executive retirement plan (SERP). See Note 13 for details of the plan and the following table for the costs related to each named executive officer.

[5] The Chair of the Board of Directors and the nine Board Members are part-time positions.

The current service cost for senior management under the SERP is presented in the table below:

	2010				2009	
($)	Current Service Cost [1]	Other Costs [2]	Net Cost	Accrued Obligation Dec. 31, 2010	Net Cost	Accrued Obligation Dec. 31, 2009
President & Chief Executive Officer	$ 49,200	$ 120,900	$ 170,100	$ 539,300	$ 67,300	$ 369,200
Vice-president, Disability and Information Management	32,500	93,700	126,200	321,200	41,600	195,000
Vice-president, Customer Service and Risk Management	33,700	59,800	93,500	295,400	44,100	201,900
Vice-president, Employee and Corporate Services	20,800	39,600	60,400	185,400	27,000	125,000
Chief Financial Officer	25,500	43,100	68,600	169,100	29,600	100,500
Secretary and General Counsel	23,500	35,100	58,600	199,500	30,600	140,900
Other senior management and inactive members	106,900	102,000	208,900	497,800	119,000	288,900
	$ 292,100	$ 494,200	$ 786,300	$ 2,207,700	$359,200	$ 1,421,400

[1] Current service cost is the actuarial present value of future benefit obligations arising from employee service in the current period.

[2] Other costs include interest on the liability and actuarial losses arising primarily from a change in the discount rate from 6.9% to 5.9%.

19. SELF-INSURED EMPLOYERS

The financial statements include the effects of transactions on behalf of self-insured employers who directly bear the cost of their workers' claims and an appropriate share of administration expenses. Currently, the Federal Government of Canada is the only self-insured employer. This is a contractual relationship in accordance with the *Government Employees Compensation Act*. Certain government-related entities and railways are responsible for the cost of injuries to their workers that occurred when they were self-insured in prior years.

Included in the balance sheets is $1,952 (2009 – $1,836) for receivables. Presented below are the aggregate amounts of premiums and offsetting expenses included in the statements of operations:

($ thousands)	2010	2009
Claim costs	$ 9,031	$ 8,519
Administration	2,316	2,208
Self-insured employer revenue (Note 14)	$ 11,347	$ 10,727

20. INJURY REDUCTION

WCB has a statutory obligation to reimburse the Alberta Minister of Finance and Enterprise a portion of the costs associated with administration of the *Occupational Health and Safety Act*. Funding is also provided to industry-sponsored safety associations to promote improved workplace safety practices. Funding costs incurred are recovered as components of the premium rate charged annually to employers.

The following table shows the amounts paid under these programs:

($ thousands)	2010	2009
Occupational Health and Safety	$ 27,545	$ 26,400
Safety associations	16,915	13,193
	$ 44,460	$ 39,593

21. RELATED-PARTY TRANSACTIONS

Included in these financial statements are transactions with various Alberta Crown corporations, departments, agencies, boards and commissions related to WCB by virtue of common influence by the Government of Alberta. Routine operating transactions in the ordinary course of business with related parties are settled at prevailing market prices under normal trade terms.

Included in related-party transactions are certain funding obligations relating to Occupational Health and Safety, the Appeals Commission and the Medical Panel Office that are in accordance with the applicable legislation and/or regulations. Funding costs incurred are recovered as components of the assessed premium rate charged to employers. The amounts outstanding at December 31 and transactions throughout the year related to statutory funding obligations are as follows:

($ thousands)	2010	2009
Receivables	$ -	$ 2
Payables and accruals	$ 1,919	$ 2,014
Expenses	$ 35,635	$ 35,335

22. COMMITMENTS

WCB has obligations under long-term non-cancellable contracts for land, office space, leased equipment and commitments for purchases of goods and services. The following is a schedule of future expenditure commitments:

($ thousands)	2010	2009
2010	$ -	$ 15,100
2011	14,109	10,467
2012	6,544	3,118
2013	3,982	1,940
2014	2,597	1,746
Beyond	8,570	8,570
	$ 35,802	$ 40,941

23. CONTINGENCIES AND INDEMNIFICATION

Legal proceedings

WCB is party to various claims and lawsuits related to the normal course of business that are currently being contested. In the opinion of management, the outcomes of such claims and lawsuits are not determinable. Based on the total amount of all such actions, however, WCB has concluded that their outcomes, either individually or in aggregate, will not have a material effect on the results of operations or financial position.

Indemnification agreements

In the normal course of business, WCB enters into contractual agreements that contain standard contract terms to indemnify certain parties against loss. The terms of these indemnification clauses will vary based upon the contract and/or the occurrence of contingent or future events, the nature of which prevents WCB from making a reasonable estimate of the potential amount that may be payable to those contractual parties. Such indemnifications are not significant, nor has WCB made any payments or accrued any amounts in the financial statements in respect of these indemnifications.

24. BUDGET

The Board of Directors approved the 2010 budget in October 2009.

25. COMPARATIVE FIGURES

Certain comparative figures for 2009 have been reclassified where required to conform to the current year's presentation and disclosure.

Glossary

Actuarial required real rate of return	The real rate of return (nominal rate less inflation) on actuarially matched investment assets that will generate sufficient income to cover the interest requirement on the liability. Actuarially matched assets represent the sum that must be invested to earn a real rate of return (identical to the real discount rate) to fully discharge the actuarial liability at maturity. See also **real discount rate**.
Asset-liability management	A risk management approach that ensures sufficiency of resources to discharge specified obligations by managing the risk characteristics of invested assets relative to liabilities for such factors as yields, duration, volatility and default.
Asset-liability study	A financial model for determining the appropriate amount and mix of investment assets, given a specified level of risk, to generate a return that is sufficient to fund the interest requirement of matched claim benefit liabilities.
Asset overlay	A portfolio management strategy designed to replicate an asset or portfolio position without actually holding securities directly. The desired position is achieved by entering into a futures contract or option on the future price movement of a security or an index.
Average premium rate	Calculated as total revenue requirements divided by the projected insurable earnings for the premium year.
Comprehensive income	The change in equity (or **net assets**) of an enterprise during a period from all transactions and events other than investments by and distributions to owners. Comprehensive income is composed of operating income and other comprehensive income, which includes those revenues, expenses, gains and losses that, in accordance with the primary sources of GAAP, are recognized in comprehensive income but excluded from operating income.
Currency overlay	A foreign-currency risk management strategy used in international investment portfolios to separate the management of currency risk from the asset allocation and security selection decisions of the fund managers.
Derivative	A **financial instrument** whose characteristics and value depend on the characteristics and value of an underlying security, typically a commodity, bond, equity or currency. Examples of derivatives include futures and options. Derivatives are used to manage the risk associated with the underlying security, to protect against fluctuations in value or to profit from periods of inactivity or decline.
Fair value	The amount of the consideration that would be agreed to in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. In the context of investments, fair value is generally synonymous with market value.
Financial instrument	Any contract that gives rise to a financial asset (e.g., cash equivalent, accounts or note receivable, share security) of one party and a financial liability (e.g., accounts or note payable, bond) or equity instrument (e.g., stock option, warrant) of another party.
Financial risk	The possibility or chance that an investment's return will be other than expected, positively or negatively. In general, financial risk has a negative meaning, as in the possibility of losing some or all of the original investment, or adverse changes in its cash flows. For a specific investment, risk is usually measured by calculating the standard deviation of its historical or average returns. See also **risk**.
Fund management	Both a framework and a process designed to maintain a level of funding to ensure the following results: • Compensation benefits are sustainable and protected. • Premium rate and funding requirements are predictable. • The Accident Fund remains solvent. The Funding Policy, which embodies these objectives, provides direction for management in financial planning and decision making. Key processes for fund management include risk assessment, **asset-liability management**, application of funding rules, compliance monitoring and governance.

Funded Position	The excess of total assets less total liabilities, expressed either in dollar terms (see **net assets**) or as a ratio of total assets to total liabilities. The Funded Position is the measure of financial solvency or the sufficiency of assets to meet all obligations. It is the aggregate amount of accumulated equity generated by operating surplus, reserves and other comprehensive income.
Funded ratio	The Funded Position expressed as a percentage of total liabilities, indicating the amount of accumulated surplus, investment holding gains or losses, and reserves available to fund unexpected increases in liabilities. Funded ratio is the key metric of financial solvency used in **fund management**.
Hedging	A portfolio management activity designed to modify an entity's exposure to one or more financial risks by creating an offset between changes in the fair value of or the cash flows attributable to the hedged item and the hedging item (or the changes resulting from a particular risk exposure relating to those items).
Mark to market	The accounting process of adjusting the book or carrying value of a security, account or portfolio to its current market value in the financial statements. When market values are not available or are unreliable, an alternative approach is mark to model, which uses the output of a valuation technique or financial model to approximate the expected value.
Meredith Principles	The framework outlined in then-Chief Justice of Ontario Sir William Meredith's report on workers' compensation in 1913, now commonly known as the Meredith Principles: • Workers receive compensation benefits regardless of fault for work-related injuries. • Employers share collective liability for the costs of work-related injuries and, in return, employees waive the right to sue. • Injured workers are entitled to prompt payment of benefits, and future payments are guaranteed. • The workers' compensation agency has exclusive jurisdiction over all legal matters arising out of the enabling legislation. • The agency is financially independent of the government and enjoys full autonomy over all administrative and adjudicative matters.
Net assets	The excess of total assets less total liabilities, another expression of **Funded Position** in dollar terms. When total liabilities exceed total assets, the deficit is known as unfunded liability.
Real discount rate	The rate used to discount the actuarial projections of all future claim benefit payments back to present value. The rate is based on the real rate of return that the investment portfolio is expected to generate over the long term. The real discount rate is also called the net discount rate or the **actuarial required real rate of return** when applied in a portfolio context.
Real rate of return	The annual percentage return realized on an investment, adjusted for changes in prices due to inflation or deflation.
Return	The interest and dividend income and the capital gains or losses associated with an investment. The return is usually quoted as a percentage of the investment's market value (market return) or its book value (book return). Performance of an investment or a pool of investments is the actual rate of return over a given evaluation period.
Risk	In general, the possibility or chance that a future event or outcome will be different than expected, either positively or negatively. See also **financial risk**.

Appendix A: Performance Measures Sources and Methodologies

The following information is a summary of Employment and Immigration's (E&I) performance measures sources and methodologies for the results reported in the Performance Measures Summary Table (pages 13-15). It highlights important elements, such as how the performance measure results were calculated.

Performance Measure 1.a

Labour productivity: inter-provincial rank of real Gross Domestic Product in dollars per hour worked (#1 is the highest)

METHODOLOGY

Provincial labour productivity estimates are derived by dividing total real Gross Domestic Product (GDP) by the total number of hours worked. All data are obtained from Statistics Canada. Labour productivity for Alberta is compared to that of each of the 10 provinces and the inter-provincial ranking is determined.

Gross Domestic Product (GDP) is the total market value of all goods and services produced during a given year. GDP is also referred to as economic output. To avoid counting the same output more than once, GDP includes only final goods and services – not those that are used to make another product. For this performance measure, GDP is measured in real dollars. Real GDP is a measure of the volume of production. To measure this concept, GDP expenditure-based components are adjusted to eliminate the effect of price change.

The number of hours worked in all jobs is the annual average for all jobs times the annual average hours worked in all jobs. Hours worked means the total number of hours that a person spends working, whether paid or not.

Historical results have been revised per Statistics Canada's release of labour productivity estimates in November 2010. The current result for 2010 was made available by Statistics Canada in May 2011 with no further revisions to historical results.

Performance Measure 1.b

Inter-provincial rank of Alberta First Nations, Métis and Inuit off-reserve labour force participation rate (#1 is the highest)

METHODOLOGY

The First Nations, Métis and Inuit labour force represents the number of the working age population living off-reserve that is either employed or actively seeking employment (unemployed). It is calculated as a 12-month average of Statistics Canada's monthly Labour Force Survey results. All data is retrieved from the Labour Force Survey (LFS), which is conducted and distributed by Statistics Canada. The First Nations, Métis and Inuit off-reserve labour force participation rate for Alberta is compared to that of each of the 10 provinces and the inter-provincial ranking is determined.

For more information about Labour Force Survey methodology, please see *Guide to the Labour Force Survey 2011*, Statistics Canada (http://www.statcan.gc.ca/pub/71-543-g/71-543-g2011001-eng.pdf).

Performance Measure 1.c

Inter-provincial rank of Alberta labour force participation rate (#1 is the highest)

METHODOLOGY

The labour force participation rate is a measure of the proportion of an economy's working-age population (ages 15 and over) that is employed or unemployed (actively seeking employment). It is calculated as a 12-month average of Statistics Canada's monthly Labour Force Survey results. All data is retrieved from the Labour Force Survey (LFS), which is conducted and distributed by Statistics Canada. The labour force participation rate for Alberta is compared to that of each of the 10 provinces and the inter-provincial ranking is determined.

For more information about Labour Force Survey methodology, please see *Guide to the Labour Force Survey 2011*, Statistics Canada (http://www.statcan.gc.ca/pub/71-543-g/71-543-g2011001-eng.pdf).

Performance Measure 1.d

Percentage of employers who reported no positions vacant for more than four months

METHODOLOGY

The result of this measure is obtained through the Alberta Wage and Salary Survey which is conducted every two years. An independent, external consultant was retained to conduct the 2009 Alberta Wage and Salary Survey. The survey was conducted on a large sample of employers. Participants were given the opportunity to complete the survey online or by e-mail, to complete and return a paper version of the survey by mail or fax, or to complete it by telephone.

The data collection period for the 2009 survey was January to May 2009. Data sources used to prepare the survey sample for the 2009 study included:

- the list of 2007 survey completions
- the list of 2005 survey completions
- AlbertaFirst.com Directory
- lists of local and regional governments in Alberta
- lists of school boards in Alberta
- InfoCanada business listings for selected industries

For each reported occupation, employers were asked "Do you currently have vacancies of over four months for this occupation?" The result for this measure is calculated using the following formulas:

$$\text{Vacancy Rate} = \frac{\text{\# of companies who reported vacancies over four months}}{\text{\# of respondent companies}}$$

100% – Vacancy Rate = Percentage of employers who reported no positions vacant for more than four months

In 2009-10, an improved methodology was introduced which uses a probability sample of employers in Alberta, making the sample more representative.

Performance Measure 2.a

Number of new immigrants to Canada who choose Alberta as their destination

METHODOLOGY

This information is obtained from the Citizenship and Immigration Canada (CIC) publication, *Facts and Figures 2010: Immigration Overview.*

With the Permanent Resident Data System (PRDS), CIC tracks immigrant counts by three basic categories: Family Class, Economic Immigrants and Refugees. In addition, there is a fourth category comprised of Other Immigrants.

The number of new immigrants to Canada who choose Alberta as their destination is defined as the sum of new immigrants destined to land in Alberta in a calendar year.

Performance Measure 2.b

Alberta's net inter-provincial migration

METHODOLOGY

Final estimates of inter-provincial migration are obtained by comparing addresses indicated on personal income tax returns over two consecutive tax years. However, the migration status of tax filers' dependants has to be imputed. An adjustment is also required to take into account migrants who do not file income tax returns. This adjustment was slightly modified in 2001-02 and again in 2006-07 (for more information about these adjustments, see Statistics Canada's *Quarterly Demographic Estimates: October to December 2009*, www.statcan.gc.ca/pub/91-002-x/91-002-x2009004-eng.pdf).

Since income tax returns are not available at the time preliminary estimates are produced, the estimation of preliminary inter-provincial migration is based on Canada Child Tax Benefit (CCTB) administrative files, which provide counts of child migrants (aged 0-17) receiving benefits under the program. The estimates have to be adjusted later for children who are not receiving the CCTB. Finally, the number of adult migrants is calculated using the number of child migrants and factors derived from the T1FF4. The above adjustment factors are used to take into account:

- the program's partial coverage, that is, people who do not apply for the CCTB or are not receiving benefits. This factor is obtained by comparing the estimated number of children in the population with the number of children in CCTB files;

- the differential propensity to migrate between children who are receiving the CCTB and children who are not. This factor is obtained by comparing the out-migration rates of children receiving the CCTB with the rates for all children (aged 0-17). This factor is calculated for each province and territory and is based on the last available year of T1FFs; and
- the differential propensity to migrate between adults and children. This factor generates the out-migration rate of the population aged 18 and over for each province/territory of origin and destination. It is obtained by calculating the ratio of the central migration rate for adults to the rate for children. It is estimated using data from the last three available years of T1FFs.

The adult migration rate is then applied to the estimated adult population. The number of adult migrants is then added to the number of child migrants to produce the number of inter-provincial migrants for the entire population.

Using Statistics Canada's data, Finance and Enterprise prepares the quarterly *Alberta Population Report*, which includes inter-provincial migration statistics for each province and territory.

Net inter-provincial migration = total in-migration – total out-migration

Performance Measure 2.c

Provincial nominations forwarded to the federal government through the Alberta Immigrant Nominee Program

METHODOLOGY

Number of certificates forwarded and total number of individuals nominated

The Alberta Immigrant Nominee Program (AINP) forwards nominations to the federal government to help skilled foreign workers and select semi-skilled foreign workers expedite their applications for immigrant status. This helps Alberta to select workers to address the province's labour shortages.

AINP staff members monitor the number of nominations forwarded to the federal government using the AINP database. The database tracks the statuses of applications, including the numbers of individuals listed on nomination certificates forwarded to the federal government (i.e., principal applicants, spouses and dependants). The results of this measure are produced at the end of the fiscal year through a count of the number of AINP certificates forwarded and the corresponding total number of individuals nominated.

Performance Measure 2.d

Number of International Qualifications Assessment Service (IQAS) assessment certificates issued

METHODOLOGY

IQAS issues an assessment certificate that shows prospective employers, professional associations and post-secondary institutions how international educational credentials compare to Alberta's educational standards. Assessment services include all service categories: Basic, Description of Course Work, Assessment for Educational Institution, and Duplicate Certificates.

The total number listed is the total number of assessments, not a count of the number of individuals given service. This is due to the fact that one individual may request more than one type of assessment.

Performance Measure 3.a

Percentage of clients reporting they are either employed or in further education or training after leaving a training program

METHODOLOGY

This performance measure indicates success levels for participants in skills programs in finding employment or going on to further education or training. The skills programs included are Work Foundations (WF) and Training for Work (TFW). In previous years, a similar measure was used that did not include participants who went on to further education or training, so this measure is considered to be a new measure for 2010-11 year-end reporting, and four years of historical results are provided in the Summary Table. As this is a new measure, 2010-11 is a transitional reporting year, with data collected over the same five-month period for each year. In 2011-12 reporting, data collected over the full twelve months of the calendar year will be used for both historical and current results.

Results for the WF and TFW programs are obtained through the Work Outcomes Reporting Project (WORP) Survey. An independent consultant is retained through WORP to contact former program participants three months after they leave WF and TFW programs. The percentage of WF and TFW participants employed post-intervention is obtained from the question, "What is your current main activity? Are you Employed, Self Employed, In School/Training, Unemployed, Retired." The responses that indicate that the participant is employed or in school or training are used to calculate the measure result. The sample size for the 2010-11 result is 2,336; margin of error is 2.03 per cent at the 95 per cent confidence interval. With a result of 72 per cent, we are confident that the population mean lies between 69.97 per cent and 74.03 per cent.

Performance Measure 3.b

Percentage of participants employed after leaving Income Support

Results for this measure are obtained through the Work Outcomes Reporting Project (WORP) Survey. An independent consultant is retained through WORP to contact former Income Support program participants three months after they left the program. The participants' employment level is obtained from the question, "Have you been employed at any time since you stopped receiving social assistance (welfare)?" "Yes" and "No" responses are used to calculate the measure result.

The sample size for this result is 501; margin of error is 4.38 per cent at the 95 per cent confidence interval. With a result of 63 per cent, we are confident that the population mean lies between 58.62 per cent and 67.38 per cent.

Performance Measure 3.c

Percentage of Child Support Services clients with potential for child support who have either a support order or an agreement in place when the file closes

METHODOLOGY

Single parents and parents of blended families in Income Support, Alberta Adult Health Benefit and Assured Income for the Severely Handicapped programs are eligible for help through Child Support Services. The performance measure result is based on the cumulative total of monthly Child Support Services file closures. This excludes those files that were determined, after a Child Support Services assessment, to have no potential for a child support order or agreement. Examples of reasons for this include: no ability to pay, whereabouts unknown, respondent deceased, couple reconciled, etc. This result forms the denominator, from which the number of files with an order or agreement in place at the time of file closure is used as the numerator. This measure is reported by fiscal year and is calculated using the following formula:

$$\%\ \text{orders/agreement} = \frac{\#\ \text{of files closed with an order/agreement in place}}{\#\ \text{of files closed with potential for an order/agreement}} \times 100$$

Performance Measure 3.d

Alberta Health Benefits

METHODOLOGY

Percentage of Alberta Child Health Benefit parents who agree the program helps them obtain dental, optical and prescribed drug services health services they would not otherwise be able to receive for their children

Alberta Child Health Benefit (ACHB) parents are surveyed every second year to provide feedback on the services they receive. The result of this measure is a weighted average of the results of three survey questions:

"Using a scale of strongly disagree, somewhat disagree, somewhat agree or strongly agree, to what extent do you disagree or agree that:

- The Alberta Child Health Benefit Program helps your children get dental services that they would not otherwise be able to receive;
- The Alberta Child Health Benefit Program helps your children get optical services (such as eye care and glasses) that they would not otherwise be able to receive; and
- The Alberta Child Health Benefit Program helps your children get prescribed drugs that they would not otherwise be able to receive."

The weighting factor for each question is calculated by dividing the number of responses for that question by the number of total responses for all three questions. The percentage of strongly agree and somewhat agree responses in all responses for each question is then multiplied by the weighting factor to generate a weighted percentage for that question. The result of this measure is the sum of the weighted percentages of the three questions.

Percentage of Alberta Adult Health Benefit clients who agree the program helps them obtain dental, optical and prescribed drug services they would not otherwise be able to receive

Alberta Adult Health Benefit (AAHB) clients are surveyed every second year to provide feedback on the services they receive. The result of this measure is a weighted average of the results of three survey questions:

"Using a scale of strongly disagree, somewhat disagree, somewhat agree or strongly agree, to what extent do you disagree or agree that:

- The Alberta Adult Health Benefit Program helps you get dental services that you would not otherwise be able to receive;
- The Alberta Adult Health Benefit Program helps you get optical services (such as eye care and glasses) that you would not otherwise be able to receive; and
- The Alberta Adult Health Benefit Program helps you get prescribed drugs that you would not otherwise be able to receive."

The weighting factor for each question is calculated by dividing the number of responses for that question by the number of total responses for all three questions. The percentage of strongly agree and somewhat agree responses in all responses for each question is then multiplied by the weighting factor to generate a weighted percentage for that question. The result of this measure is the sum of the weighted percentages of the three questions.

Performance Measure 4.a

Percentage of collective bargaining agreements settled without a work stoppage (strike or lockout)

METHODOLOGY

This measure examines the percentage of Collective Bargaining Agreements (CBAs) that have been successfully negotiated and ratified by the parties involved without a work stoppage. E&I collects data on the number of CBAs settled without a work stoppage and the number of legal strikes and lockouts. This measure examines the total number of CBAs settled but does not include data on illegal strikes and lockouts. This measure is reported by fiscal year and is calculated using the following formula:

% of CBAs settled without a work stoppage* =

$$\frac{(\#\text{ of settled CBAs}) - (\#\text{ of settlements with a work stoppage})}{\#\text{ of settled CBAs}} \text{ X } 100$$

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* This measure includes data from all contracts under the *Alberta Labour Relations Code* and the *Police Officers' Collective Bargaining Act*. Contracts covered under other legislation are excluded (i.e., contracts under the *Public Service Employees Relations Act*, federal jurisdiction, and the *Post-Secondary Learning Act*).

Performance Measure 4.b

Percentage of employers whose employment practices resulted in no complaints being registered with Employment Standards

METHODOLOGY

The data for the total number of employers with a complaint filed against them is captured by E&I staff. The data for the total number of employers in Alberta is obtained from Statistics Canada: Canadian Business Patterns. This data set is a repository of information reflecting the Canadian business population and serves as a data source for the compilation of business demographic information. Data is collected daily and cleansed monthly. This data is filtered to count only employers who fall under the Alberta Employment Standards Code and Regulations, and who have one or more employee.

The result for this measure is calculated using the following formula:

$$\frac{(\text{total \# of employers in Alberta}) - (\text{total \# of employers with a complaint filed against them})}{\text{total \# of employers in Alberta}} \text{ X } 100\%$$

Performance Measure 4.c

Lost-Time Claim Rate: number of lost-time claims per 100 person-years worked

METHODOLOGY

The lost-time claim rate represents the probability, or risk, of injury or disease to a worker during a period of one year's work. The measure indicates the number of lost-time claims per 100 person-years worked to indicate increases or decreases in this risk. One person-year is equivalent to one full-time worker working for one year, or 2,000 hours worked.

The Workers' Compensation Board – Alberta (WCB) records a lost-time claim when a worker, his/her physician, or his/her employer submits an injury report form. The WCB collects this information, calculates estimated person-years worked, and provides the data files to E&I for analysis. Prior to 2010-11, E&I calculated estimated person-years worked. For 2010-11 result reporting, estimated person-years worked was calculated by WCB and used in E&I calculations for current and historical results.

The lost-time claim rate is reported by calendar year and is calculated by E&I using the following formula:

$$\text{Lost-Time Claim Rate} = \frac{\text{\# of lost-time claims}}{\text{estimated person-years worked}} \text{ X } 100$$

Performance Measure 4.d

Disabling Injury Rate: number of disabling injury claims per 100 person-years worked

METHODOLOGY

A disabling injury claim combines both the lost-time and modified-work claims to produce an overall figure where an occupational injury or disease disables the worker causing either time lost from work or modification of their normal work duties. The disabling injury rate indicates the number of disabling injury claims per 100 person-years worked to indicate increases or decreases in this risk. For more information on lost-time claims and person-years, see performance measure 4.c.

The Workers' Compensation Board – Alberta (WCB) records a disabling injury claim when a worker, his or her physician, or his or her employer submits an injury report form. The WCB collects this information, calculates estimated person-years worked, and provides the data files to E&I for analysis. Prior to 2010-11, E&I calculated estimated person-years worked. For 2010-11 result reporting, estimated person-years worked was calculated by WCB and used in E&I calculations for current and historical results.

The disabling injury rate is reported by calendar year and is calculated by E&I using the following formula:

$$\text{Disabling Injury Rate} = \frac{\text{\# of disabling injury claims}}{\text{estimated person-years worked}} \times 100$$

Performance Measure 5.a

Average number of days from the acceptance of an application to the date of the first hearing

METHODOLOGY

The Alberta Labour Relations Board (ALRB) Case Management System (CMS) tracks all data relating to applications and hearing dates. For this performance measure, a report is created in the CMS that identifies each matter before the ALRB during the reporting period. Using the report, the average number of calendar days for all matters from the date of the application to the first day of the first hearing is calculated.

Performance Measure 5.b

Percentage of applications, with Board involvement, settled before reaching a formal hearing

METHODOLOGY

The ALRB CMS tracks all data relating to the disposition of applications. For this performance measure, a report is created from the CMS that identifies each matter before the ALRB and the type of resolution for that matter (withdrawal/informal settlement). Using the report, the number of matters resolved before hearings is calculated as a percentage of all matters.

Performance Measure 5.c

Percentage of decisions rendered within 90 calendar days from the completion of the hearing(s)

METHODOLOGY

The ALRB CMS tracks all data relating to hearings and decision timelines. For this performance measure, a report is created from the CMS that identifies those decisions that meet the reporting period requirements and the duration of time from the date that a commitment date was input (or the final date of hearing if a commitment is not required) to the date that the decision was released. Using the report, the number of decisions completed in 90 days or less is calculated as a percentage of all matters.

Performance Measure 5.d

Percentage of decisions rendered within 180 calendar days from the completion of the hearing(s)

METHODOLOGY

The ALRB CMS tracks all data relating to hearings and decision timelines. For this performance measure, a report is created from the CMS that identifies those decisions that meet the reporting period requirements and the duration of time from the date that a commitment date was input (or the final date of hearing if a commitment is not required) to the date that the decision was released. Using the report, the number of decisions completed in 180 days or less is calculated as a percentage of all matters.

Performance Measure 6.a

Average number of days of processing time required by the Appeals Commission from the date the appeal is received until the appeal is finalized (Standard and Complex Appeals)

METHODOLOGY

The Appeals Commission Appeals Management System (AMS) tracks all data in a fiscal year relating to each appeal. The AMS generates a report that calculates the average number of days from the date an appeal is first entered into the system until the panel issues the final decision.

The average number of days figure is calculated by subtracting the average number of days that are not in the Appeals Commission's control from the average total days from 'appeal' to 'finalize' statuses. The statuses that are not in the Appeals Commission's control are intake pending, pending, administrative adjournment, adjourned sine-die, adjourned party and client deferred.

The Appeals Commission business rules outline the process for changing the appeal stream from Standard to Complex after the intake stage.

Performance Measure 6.b

Percentage of the total number of Appeals Commission decisions issued that are either not challenged or are not overturned upon review by the Courts, the Ombudsman or by the Appeals Commission on reconsideration

METHODOLOGY

The Appeals Commission Appeals Management System (AMS) tracks all data relating to each appeal. The AMS generates reports that calculate the number of decisions sent back by the Courts or the Ombudsman and the number of decisions the Appeals Commission reconsiders as a result of reconsideration applications or on its own motion. In 2002, the *Workers' Compensation Act* was amended to include a statutory right of appeal (s. 13.4) on questions of law or jurisdiction.